

First Quarterly Report 2008



CHINA DATA BROADCASTING HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)
Stock Code : 8016



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This report, for which the directors of China Data Broadcasting Holdings Limited 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 China Data Broadcasting Holdings Limited. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:– 1. the information contained in this report 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 report misleading; and 3. all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

HIGHLIGHTS

The Group's consolidated turnover for the three month period ended 31 March 2008 was increased approximately by 97 times to HK\$219.2 million, this due to the efforts of the management and the support from Sichuan Changhong Electric Co., Limited ("Changhong", a substantial shareholder). Also the dispute has been settled. The Group achieved a net profit of approximately HK\$179,000.

RESULTS

The board of directors (the "Board") of China Data Broadcasting Holdings Limited (the "Company") is pleased to announce the unaudited results of the Company and its subsidiaries (collectively the "Group") for the three month period ended 31 March 2008, together with the comparative figures for the corresponding period of last year, as follows:

CONSOLIDATED INCOME STATEMENT

	Notes	2008 HK\$'000	2007 HK\$'000
TURNOVER	1	219,216	2,237
COST OF SALES		(216,401)	(2,159)
GROSS PROFIT		2,815	78
Other income		43	9
Administrative expenses		(2,679)	(1,240)
OPERATING PROFIT/ (LOSS) BEFORE TAXATION		179	(1,153)
Taxation	2	—	—
NET PROFIT/(LOSS) AFTER TAXATION		179	(1,153)
PROFIT/(LOSS) PER SHARE	3		
Basic		0.056 cents	(0.363) cents
Diluted		N/A	N/A

Notes:

1. TURNOVER

Turnover represents the invoiced value of goods sold and after allowances for goods returned and trade discounts.

2. TAX

Taxes on profits assessable elsewhere 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.

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong for the period ended 31 March 2008.

The Group did not have any significant unprovided deferred tax liabilities in respect of the period.

3. PROFIT/LOSS PER SHARE

The calculation of basic profit per share is based on the net profits attributable to shareholders for the period of HK\$179,000 (2007 losses: HK\$1,153,000), and the weighted average of 318,000,000 (2007: 318,000,000) ordinary shares in issue during the period.

For the period under review, no diluted loss per share was presented as there were no potential ordinary shares in issue.

4. RESERVES

During the period, there was no movement to and from any reserves.

5. 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 ("Mr. Hsu", 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. ("United Delta", 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 ("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\$3,280,000 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 31 March 2008, Apex Digital has paid the amount of US\$1,300,000.

DIVIDENDS

The directors do not recommend the payment of any dividend for the period ended 31 March 2008 (2007: Nil).

AUDIT COMMITTEE

The Audit Committee has reviewed the Group's results for the period ended 31 March 2008 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"). An improved operating results for the three months ended 31 March 2008 has achieved, the Group has accomplished a revenue of approximately HK\$219.2 million and a net profit of approximately HK\$179,000.

OUTLOOK

As the economy of Hong Kong become well, the Trading Business in the consumer electronic industry will build up a steady and considerable income stream of the Group. Also the disputes has been settled, the management can concentrate in business activities and put more efforts to explore further business opportunities in the consumer electronic industry, such as trading of finished goods/parts and components of televisions, set top boxes, fridges, digital photo frames and other products. The Board believes that the business will set back on the track and will be better 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 31 March 2008, 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	Approximate percentage of interest
Mr. Ji	44,520,000	Beneficial owner	Personal	14.00

Save as disclosed in this paragraph, as at 31 March 2008, 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. No options have been granted to the directors up to the date of this announcement.

INTERESTS OF THE SUBSTANTIAL SHAREHOLDERS IN THE COMPANY

As at 31 March 2008, 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 %
Changhong	Directly beneficially owned	95,368,000	29.99
Sichuan Investment	Directly beneficially owned	83,009,340	26.10
Mr. Ji	Directly beneficially owned	44,520,000	14.00
Ms. Liu Ru Ying (note (a))	Through spouse	44,520,000	14.00

Notes:

- (a) 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 31 March 2008, 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 Rules Governing the Listing of Securities on GEM) 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 Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited except for the absence of the nomination committees.

POST BALANCE SHEET EVENTS

After communicating with some of customers/suppliers located in Sichuan Province, PRC, the Board considers that the effect to the Group due to the disaster happened on 12 May 2008 is minimal.

By Order of the Board

Yu Xiao

Chairman

Hong Kong, 14 May 2008

As at the date of this report, the executive directors of the Company are Mr. David Ji Long Fen, Mr. Yu Xiao, Mr. Tang Yun, Mr. Xiang Chao Yang, Mr. Wang Zhenhua 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.