

---

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

---

**If you are in any doubt** as to any aspect of this circular, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your securities of China Data Broadcasting Holdings Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

---



**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)

**(1) CONNECTED TRANSACTION –  
SUBSCRIPTION OF  
CONVERTIBLE PREFERENCE SHARES; AND  
(2) PROPOSED AMENDMENTS TO THE BYE-LAWS**

Financial Adviser to the Company



Independent Financial Adviser to the Independent Board Committee and  
the Independent Shareholders



**Grand Vinco Capital Limited**

*(A wholly-owned subsidiary of Vinco Financial Group Limited)*

---

A letter from the Independent Board Committee is set out on pages 15 to 16 of this circular. A letter from Vinco Capital containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 17 to 30 of this circular.

A notice convening a special general meeting of China Data Broadcasting Holdings Limited to be held at Unit 3701, 37/F., West Tower, Shun Tak Centre, 168-200 Connaught Road, Central, Hong Kong on Thursday, 27 August 2009 at 10:30 a.m. is set out on pages 41 to 59 of this circular.

Whether or not you are able to attend the SGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to Hong Kong Registrars Limited of 46th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for the holding of such meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the SGM or any adjournment hereof should you so wish.

*This circular will remain on the GEM website on the "Latest Company Announcement" page for at least 7 days from the date of its posting.*

\* for identification only

---

## CHARACTERISTICS OF THE GEM

---

The GEM has been 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.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

---

## CONTENTS

---

	<i>Page</i>
<b>DEFINITIONS</b> .....	1
<b>LETTER FROM THE BOARD</b>	
INTRODUCTION .....	4
A. THE SUBSCRIPTION AGREEMENT .....	5
B. THE CONVERTIBLE PREFERENCE SHARES .....	6
C. PROPOSED AMENDMENTS TO THE BYE-LAWS .....	9
D. CHANGES IN SHAREHOLDING STRUCTURE OF THE COMPANY .....	10
E. REASONS FOR AND BENEFITS OF THE SUBSCRIPTION .....	12
F. GENERAL .....	13
G. SGM .....	13
H. RECOMMENDATION .....	14
I. FURTHER INFORMATION .....	14
<b>LETTER FROM THE INDEPENDENT BOARD COMMITTEE</b> .....	15
<b>LETTER FROM VINCO CAPITAL</b> .....	17
<b>APPENDIX I – UNAUDITED PRO FORMA FINANCIAL INFORMATION                     ON THE GROUP</b> .....	31
<b>APPENDIX II – GENERAL INFORMATION</b> .....	36
<b>NOTICE OF SGM</b> .....	41

---

## DEFINITIONS

---

*In this circular, unless the context otherwise requires, the following expressions have the following meanings:*

“Announcement”	the announcement issued by the Company dated 14 July 2009
“associate”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of directors of the Company
“Business Day”	a day, other than a Saturday and a day on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m. on which licensed banks are open for general banking business in Hong Kong throughout their normal business hours
“Company”	China Data Broadcasting Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on GEM (stock code: 8016)
“Completion”	completion of the Subscription in accordance with the terms and conditions of the Subscription Agreement
“connected person”	has the meaning ascribed to it under the GEM Listing Rules
“Conversion Period”	any time after the date of issue of the relevant Convertible Preference Shares
“Conversion Price”	the price per Conversion Share at which the Convertible Preference Shares are to be converted into Conversion Shares
“Conversion Shares”	the Shares to be issued by the Company upon the conversion of the Convertible Preference Shares which shall upon issue rank pari passu with the other existing Shares in issue
“Convertible Preference Shares”	the unlisted non-redeemable convertible cumulative preference shares of HK\$0.025 each in the capital of the Company
“Directors”	the directors of the Company
“GEM”	The Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	The Rules Governing the Listing of Securities on GEM, as amended from time to time

---

## DEFINITIONS

---

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors, established to advise the Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder including the issue of the Subscription CP Shares
“Independent Shareholders”	Shareholders other than the Subscriber and its associates
“Issue Price”	the price per Subscription CP Share payable for the issue of the Subscription CP Shares, being HK\$0.30
“Last Trading Day Prior to Suspension”	24 December 2004, being the last trading day of the Shares on GEM prior to the suspension of trading of the Shares on GEM on 28 December 2004
“Latest Practicable Date”	31 July 2009, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“PRC”	People’s Republic of China, which for the purpose of this circular, shall exclude Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be held on Thursday, 27 August 2009 or any adjustment thereof for the purpose of considering, and if thought fit, approving, among other things, the Subscription and the proposed amendments to the Bye-laws
“SGM Notice”	the notice convening the SGM set out on pages 41 to 59 of this circular
“Share(s)”	ordinary share(s) of HK\$0.025 each in the capital of the Company
“Shareholder(s)”	holder(s) of Share(s)

---

## DEFINITIONS

---

“Subscriber”	Changhong (Hong Kong) Trading Limited, a company incorporated in Hong Kong, and a wholly-owned subsidiary of Sichuan Changhong Electric Co., Limited, the shares in which are listed on The Shanghai Stock Exchange, and a substantial shareholder of the Company
“Subscription”	the subscription of the Subscription CP Shares by the Subscriber upon and subject to the terms and conditions of the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 14 July 2009 and entered into between the Company and the Subscriber in relation to the Subscription
“Subscription CP Shares”	50,000,000 Convertible Preference Shares to be issued by the Company to the Subscriber in accordance with the terms and conditions of the Subscription Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Vinc Capital”	Grand Vinc Capital Limited, a wholly-owned subsidiary of Vinc Financial Group Limited and a corporation licensed to engage in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, which has been appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

---

LETTER FROM THE BOARD

---



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)

*Executive Directors:*

Mr. YU Xiao  
Mr. TANG Yun  
Mr. David Ji Long Fen  
Mr. WU Xiangtao  
Mr. XIANG Chao Yang  
Mr. WANG Zhenhua  
Ms. SHI Ping

*Independent non-executive Directors:*

Mr. Jonathan CHAN Ming Sun  
Mr. Robert IP Chun Chung  
Mr. SUN Dongfeng

*Registered office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Head office and principal place  
of business:*

Unit 3701, 37/F  
West Tower  
Shun Tak Centre  
168-200 Connaught Road, Central  
Hong Kong

4 August 2009

*To the Shareholders*

Dear Sirs,

**(1) CONNECTED TRANSACTION –  
SUBSCRIPTION OF  
CONVERTIBLE PREFERENCE SHARES; AND  
(2) PROPOSED AMENDMENTS TO THE BYE-LAWS**

**INTRODUCTION**

On 14 July 2009, the Company entered into the Subscription Agreement with the Subscriber in relation to the subscription by the Subscriber of the Subscription CP Shares at a total subscription price of HK\$15.0 million. The Subscription CP Shares can be converted at any time during the Conversion Period into Conversion Shares at the Conversion Price. If the Subscription CP Shares are fully converted into Conversion Shares at the initial Conversion Price of HK\$0.30, 50,000,000 Conversion Shares, representing approximately 15.72% of the existing issued share capital of the Company and approximately 13.59% of the total issued share capital of the Company as enlarged by the issue of the Conversion Shares, will be issued.

\* *for identification only*

---

## LETTER FROM THE BOARD

---

The Subscription Agreement constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules.

The current authorised share capital of the Company is HK\$30,000,000 divided into 1,200,000,000 ordinary shares of HK\$0.025 each. In order to satisfy the issue of the Convertible Preference Shares and the Conversion Shares, the Directors propose to increase the authorised share capital of the Company from HK\$30,000,000 divided into 1,200,000,000 Shares to HK\$100,000,000 divided into 3,950,000,000 Shares and 50,000,000 Convertible Preference Shares, by the creation of an additional 2,750,000,000 new Shares and 50,000,000 new Convertible Preference Shares. The increase in the authorised share capital of the Company is conditional upon the approval of the Shareholders at the SGM.

To increase the authorised share capital and incorporate the rights, privileges and restrictions of the Convertible Preference Shares in the Bye-laws, a special resolution will be proposed at the SGM to amend the Bye-laws. Details of the proposed amendments to the Bye-laws are set out in the special resolution in the Notice of SGM.

Mr. Jonathan Chan Ming Sun, Mr. Robert Ip Chun Chung and Mr. Sun Dongfeng, being all the independent non-executive Directors of the Company, have been appointed by the Board to serve as members of the Independent Board Committee to advise and make recommendation to the Independent Shareholders as to how to vote at the SGM on the resolution regarding the Subscription Agreement and the issue of the Subscription CP Shares.

Vinco Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on whether the terms of the Subscription Agreement and the issue of the Subscription CP Shares are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The purpose of this circular is to provide you with information regarding the Subscription, to set out the advice from Vinco Capital to the Independent Board Committee and the Independent Shareholders and the recommendation of the Independent Board Committee in respect of the Subscription Agreement and the issue of the Subscription CP Shares, the unaudited pro forma consolidated balance sheet of the Group as a result of the Subscription CP Shares, further details of the Subscription and the proposed amendments to the Bye-laws of the Company, and to give notice of the SGM.

### **A. THE SUBSCRIPTION AGREEMENT**

<b>Date:</b>	14 July 2009
<b>Issuer:</b>	the Company
<b>Subscriber:</b>	Changhong (Hong Kong) Trading Limited



---

## LETTER FROM THE BOARD

---

### The Subscription

Pursuant to the Subscription Agreement, the Company has agreed to allot and issue to the Subscriber the Subscription CP Shares for a total consideration of HK\$15.0 million. The consideration for the issue of the Subscription CP Shares will be satisfied by the cancellation and release of part of the indebtedness due from the Company to the Subscriber in the same amount.

The Subscription CP Shares can be converted at any time during the Conversion Period into Conversion Shares at the Conversion Price. If the Subscription CP Shares are fully converted into Conversion Shares at the initial Conversion Price of HK\$0.30, 50,000,000 Conversion Shares, representing approximately 15.72% of the existing issued share capital of the Company and approximately 13.59% of the total issued share capital of the Company as enlarged by the issue of the Conversion Shares, will be issued.

### B. THE CONVERTIBLE PREFERENCE SHARES

A summary of the principal terms of the Convertible Preference Shares is set out below.

<b>Par Value:</b>	HK\$0.025 each
<b>Issue Price:</b>	HK\$0.30 per Convertible Preference Share
<b>Ranking:</b>	Save as expressly provided in the Bye-laws, each Convertible Preference Share shall have the same rights as each of the Shares. The Company may issue, without obtaining the consent of the holders of the Convertible Preference Shares, shares ranking senior and in priority to or pari passu with the Convertible Preference Shares as regards order of the participation in profits or assets and carrying such rights as to rates of dividend, voting, redemption, conversion, exchange or otherwise as the Directors may determine, or as the Company may by ordinary resolution determine.
<b>Dividends:</b>	Each Convertible Preference Share shall confer on the holder thereof the right to receive dividends pari passu with holders of shares of any other class in the capital of the Company which rank pari passu with the Convertible Preference Shares in regard to the right to receive dividends but otherwise in priority to any other class of shares in the capital of the Company from time to time. The dividends shall be cumulative and payable in Hong Kong dollars annually in arrears at the rate of 4.5% per annum.
<b>Redemption:</b>	The Convertible Preference Shares shall be non-redeemable.

---

## LETTER FROM THE BOARD

---

**Conversion Right:**

The holders of the Convertible Preference Shares shall have the right to convert any Convertible Preference Share into Conversion Shares at any time during the Conversion Period at the Conversion Price. If the issue of Conversion Shares following the exercise of the conversion rights relating to any of the Convertible Preference Shares held by such holder would result in the Company not meeting the public float requirement under the GEM Listing Rules immediately after the conversion, then the number of Conversion Shares to be issued pursuant to such conversion shall be reduced to the maximum number of Conversion Shares issuable by the Company which would not in the reasonable opinion of the Company result in a breach of such public float requirement and the balance of the conversion rights attached to the Convertible Preference Shares which the holder sought to convert shall be suspended until such time when the Company is able to issue additional Conversion Shares in satisfaction of the exercise of the said balance of conversion rights and at the same time comply with the public float requirement. In the event that the foregoing shall affect the exercise of the conversion right of any holder, the Company shall use reasonable endeavours to procure that there will be a sufficient number of Shares in public hands so that all Convertible Preference Shares suspended from conversion may be converted to the fullest extent as soon as practicable without causing the Company to breach the public float requirement.

Each holder of the Convertible Preference Shares exercising its conversion rights in respect of the Convertible Preference Shares shall comply with all applicable provisions of the Takeovers Code.

**Conversion Period:**

Any time after the date of issue of the Convertible Preference Shares.

**Conversion Price:**

The initial Conversion Price is HK\$0.30. The Conversion Price is subject to adjustment upon the occurrence of certain prescribed events (including the consolidation, sub-division or reclassification of shares in the capital of the Company, and the capitalisation of profits or reserves), but provided that the Conversion Price shall not be less than the then subsisting nominal value of the Conversion Share into which the relevant Convertible Preference Shares is converted. If any adjustment is required to be made to the Conversion Price, an announcement will be made by the Company.

---

## LETTER FROM THE BOARD

---

**Voting:** The holder(s) of the Convertible Preference Shares will not be entitled to attend or vote at any general meeting of the Company by reason only of his/her being the holder(s) of Convertible Preference Shares, unless a resolution is to be proposed at a general meeting for winding-up the Company or a resolution is to be proposed which if passed would vary or abrogate the rights or privileges of the holder(s) of the Convertible Preference Shares.

**Transferability:** The Convertible Preference Shares may be assigned or transferred by the holder thereof Provided That the holder thereof shall give prior written notice to the Company and the Stock Exchange in accordance with applicable rules and regulations where the assignee or transferee is a connected person of the Company.

### **Conditions Precedent**

Completion of the Subscription Agreement is conditional upon, inter alia, the following conditions being fulfilled:-

- a) the Listing Committee of the Stock Exchange having granted the approval of the listing of, and permission to deal in, the Conversion Shares that may fall to be issued upon exercise of the conversion rights attaching to the Convertible Preference Shares; and
- b) the passing by the requisite majority required under the GEM Listing Rules of the shareholders of the Company in general meeting (excluding any shareholders who are not entitled to vote by reason of applicable provisions in the GEM Listing Rules) of the resolutions for the approval, confirmation and ratification of the Company's entry into the Subscription Agreement and the transactions contemplated therein, including the issue of the Subscription CP Shares and the Conversion Shares, and the necessary amendment to the Bye-laws in order to incorporate the rights and obligations of the Convertible Preference Shares.

As at the Latest Practicable Date, none of the conditions to the Subscription Agreement has been fulfilled. In the event that any of the conditions is not fulfilled by 31 October 2009 (or such later date as the parties may agree), the Subscription Agreement shall cease and determine and the parties shall be released from all obligations and liabilities under it, save for any antecedent breaches of the provisions of the Subscription Agreement.

---

## LETTER FROM THE BOARD

---

### **Completion**

Completion of the Subscription Agreement shall take place on or before the third Business Day following the date on which the above conditions are fulfilled, or such other date as may be mutually agreed by the Company and the Subscriber.

### **Mandate to issue the Convertible Preference Shares and the Conversion Shares**

As at the Latest Practicable Date, the Company's authorised share capital was HK\$30,000,000 divided into 1,200,000,000 ordinary shares of HK\$0.025 each, of which 318,000,000 Shares were in issue and were fully paid or credited as fully paid. In order to satisfy the issue of the Convertible Preference Shares and the Conversion Share, a special resolution will be proposed to increase the authorised share capital of the Company from HK\$30,000,000 divided into 1,200,000,000 Shares to HK\$100,000,000 divided into 3,950,000,000 Shares and 50,000,000 Convertible Preference Shares by the creation of an additional 2,750,000,000 new Shares and 50,000,000 new Convertible Preference Shares.

The Directors will seek a specific mandate from the Shareholders at the SGM to allot and issue the Convertible Preference Shares and the Conversion Shares.

### **Application for listing**

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares to be allotted and issued upon conversion of the Convertible Preference Shares. No application will be made to the Stock Exchange or any other securities exchange for the listing of the Convertible Preference Shares.

## **C. PROPOSED AMENDMENTS TO THE BYE-LAWS**

To increase the authorised share capital of the Company and incorporate the rights, privileges and restrictions of the Convertible Preference Shares in the Bye-laws, a special resolution will be proposed at the SGM to amend the Bye-laws. Details of the proposed amendments are set out in the special resolution in the notice convening the SGM.

---

## LETTER FROM THE BOARD

---

### D. CHANGES IN SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming that there are no changes in the issued share capital of the Company prior to the completion of the Subscription, the following shows the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after completion of the Subscription and the allotment and issue of the Subscription CP Shares; and (iii) immediately after full conversion of the Subscription CP Shares and the allotment and issue of the Conversion Shares (assuming no further Shares will be issued and no Shares will be repurchased before the allotment and issue of the Conversion Shares) respectively:

	As at the Latest Practicable Date		Immediately after completion of the Subscription and the allotment and issue of the Subscription CP Shares		Immediately after full conversion of the Subscription CP Shares and the allotment and issue of the Conversion Shares	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Subscriber and its associates Sichuan Investment Management Company Limited	95,368,000	29.99	95,368,000	29.99	145,368,000	39.50
Directors of the Company and its subsidiaries	44,520,000	14.00	44,520,000	14.00	44,520,000	12.10
Public	<u>95,102,660</u>	<u>29.91</u>	<u>95,102,660</u>	<u>29.91</u>	<u>95,102,660</u>	<u>25.84</u>
Total	<u><u>318,000,000</u></u>	<u><u>100.00</u></u>	<u><u>318,000,000</u></u>	<u><u>100.00</u></u>	<u><u>368,000,000</u></u>	<u><u>100.00</u></u>

---

## LETTER FROM THE BOARD

---

As the issue of Conversion Shares will have a dilutive effect on the Shareholders, the Company will keep the Shareholders informed of all relevant details relating to any conversion of the Subscription CP Shares in the following manner:

- a) the Company will make a monthly announcement (the “**Monthly Announcement**”) on the website of the Stock Exchange. Such announcement will be made on or before the fifth working day following the end of each calendar month and will include the following details in a table form:
  - (i) whether any conversion of the Subscription CP Shares has occurred during the relevant month and, if so, details of the conversion(s), including the conversion date, number of Conversion Shares issued and the conversion price for each conversion. If there is no conversion during the relevant month, the Company will make a statement to that effect;
  - (ii) the number of Shares which may fall to be issued upon conversion of the outstanding Subscription CP Shares, if any;
  - (iii) the total number of Shares issued and/or cancelled pursuant to other transactions, including Shares issued pursuant to the exercise of options under any share option scheme(s) of the Company and/or Shares cancelled pursuant to any repurchase of Shares by the Company, with a breakdown of the Shares concerned by the relevant transactions; and
  - (iv) the total issued share capital of the Company as at the commencement and the last day of the relevant month;
- b) in addition to the Monthly Announcement, if the cumulative amount of Conversion Shares issued pursuant to the conversion of the Subscription CP Shares reaches 5% of the issued share capital of the Company as disclosed in the last public announcement made by the Company in respect of the Subscription CP Shares (and thereafter in a multiple of such 5% threshold), the Company will make an announcement on the website of the Stock Exchange; and
- c) should any general disclosure obligation of the Company arise under Rule 17.10 of the GEM Listing Rules, a further announcement will be made as and when appropriate.

---

## LETTER FROM THE BOARD

---

### **E. REASONS FOR AND BENEFITS OF THE SUBSCRIPTION**

On 28 December 2004, trading in the Shares on GEM was suspended pending the release of an announcement in relation to certain price sensitive information on the Company.

As referred to in the Announcement, in order to resume trading in the Shares, the Company has applied for the resumption of trading in the Shares on GEM and has made various submissions to the Stock Exchange in this connection. By a letter dated 18 March 2009, the approval-in-principle for the resumption of trading in the Shares was granted by the Stock Exchange subject to the fulfillment of the following conditions to its satisfaction:

- (1) the disclosure of actions taken to address the issues pertaining to the suspension of trading in an announcement;
- (2) the issuance of the Subscription CP Shares;
- (3) the inclusion in a circular to the shareholders of a pro forma balance sheet of the Group upon issuance of the Subscription CP Shares prepared in accordance with Rule 7.31 of the GEM Listing Rules; and
- (4) the receipt by the Stock Exchange of a comfort letter from the Company's auditors on the Directors' statement on sufficiency of working capital for at least 12 months from the date of resumption in trading in the Shares.

Condition (1) and (3) have been fulfilled: the details of actions taken to address the issues pertaining to the suspension of trading were set out in the announcement dated 8 May 2009 issued by the Company and the unaudited consolidated pro forma balance sheet of the Group prepared in accordance with Rule 7.31 of the GEM Listing Rules has been included in this circular. The auditors' comfort letter referred to in condition (4) will be delivered to the Stock Exchange in due course. Accordingly, it is expected that the trading in its Shares on GEM will resume once all the conditions are fulfilled i.e. upon issuance of the Subscription CP Shares referred to in condition (2) and the provision of the comfort letter referred to in condition (4).

As referred to in the Company's annual report for the year ended 31 December 2008, the audited consolidated net liabilities of the Group attributable to the Shareholders as at 31 December 2008 amounted to approximately HK\$7.4 million. The Directors consider that the issue of the Subscription CP Shares will eliminate part of the non-current liabilities that the Group presently owes to the Subscriber and will substantially improve the Company's net asset position. Taking into account the present financial condition of the Company, and in view of the benefit that would be derived by the Company from the improvement of the Group's net asset position upon issuance of the Subscription CP Shares, and considering that this is a necessary step towards the resumption of trading in the Shares on the Stock Exchange, the Directors (including the independent non-executive Directors) consider that the transactions contemplated under the Subscription, are on normal commercial terms and in the ordinary course of business, and the terms of the Subscription Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

---

## LETTER FROM THE BOARD

---

### **F. GENERAL**

The Group is principally engaged in the trading of consumer electronic products and related parts and components.

As the Subscriber is a wholly-owned subsidiary of Sichuan Changhong Electric Co., Limited, a substantial shareholder of the Company and thus a connected person of the Company, the issue of the Subscription CP Shares by the Company to the Subscriber constitutes a connected transaction for the Company under Chapter 20 of the GEM Listing Rules. Approval of the Independent Shareholders is proposed to be sought at the SGM in respect of the Subscription Agreement and the issue of the Subscription CP Shares and (upon conversion thereof) the Conversion Shares. A separate resolution will be proposed at the SGM for the Shareholders to approve the amendments to the Bye-laws of the Company.

As at the Latest Practicable Date, Sichuan Changhong Electric Co., Limited held approximately 29.99% of the voting rights in the Company and is required to abstain from voting in respect of the Subscription Agreement and the issue of the Subscription CP Shares at the SGM. Save as disclosed, no other Shareholders have material interest in the Subscription Agreement and the issue of the Subscription CP Shares and are therefore required to abstain from voting in respect of the approval of the Subscription Agreement and the issue of the Subscription CP Shares at the forthcoming SGM.

### **G. SGM**

Set out on pages 41 to 59 is a notice convening the SGM to be held at Unit 3701, 37/F., West Tower, Shun Tak Centre, 168-200 Connaught Road, Central, Hong Kong on Thursday, 27 August 2009 at 10:30 a.m. at which resolutions will be proposed to approve the Subscription Agreement, the issue of the Subscription CP Shares and Conversion Shares and the amendment of the Bye-laws. Voting on the resolutions at the SGM will be conducted by poll. Sichuan Changhong Electric Co., Limited and its associates will abstain from voting on the ordinary resolution with respect to the Subscription Agreement and the issue of the Subscription CP Shares at the SGM.

A form of proxy for use at the SGM is enclosed and such form of proxy is also published on the website of the Stock Exchange. In order to be valid, the instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power of attorney or authority, must be lodged with the Company's branch share registrar in Hong Kong, Hong Kong Registrars Limited of 46th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time fixed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending the SGM and voting in person should you so wish.



---

## LETTER FROM THE BOARD

---

### H. RECOMMENDATION

The Independent Board Committee has been established to consider whether the terms of the Subscription Agreement and the issue of the Subscription CP Shares are fair and reasonable so far as the Independent Shareholders are concerned and Vinco Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders in that connection.

The text of the letter of Vinco Capital containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 17 to 30 of this circular and the text of the letter from the Independent Board Committee to the Independent Shareholders is set out on pages 15 to 16 of this circular.

The Independent Board Committee, having taken into account the opinion of Vinco Capital, considers the terms of the Subscription Agreement and the issue of the Subscription CP Shares to be fair and reasonable; and are in the interests of the Company and the Shareholders as a whole and accordingly, recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM.

The Directors are of the view that the proposed amendments to the Bye-laws are fair and reasonable and in the interests of the Company and the Shareholders as a whole and accordingly, recommend the Shareholders to vote in favour of the special resolution to be proposed at the SGM.

### I. FURTHER INFORMATION

Your attention is drawn to the information set out in the appendices of this circular.

Yours faithfully,  
By Order of the Board of  
**China Data Broadcasting Holdings Limited**  
**Yu Xiao**  
*Chairman*

---

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

---



**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)

4 August 2009

*To the Independent Shareholders*

Dear Sirs,

**CONNECTED TRANSACTION – OF CONVERTIBLE PREFERENCE  
SHARES SUBSCRIPTION**

We refer to the circular dated 4 August 2009 issued to the Shareholders (the “Circular”) of which this letter forms part. Capitalized terms used herein shall have the same meanings as defined in the Circular unless the context otherwise requires.

As independent non-executive Directors who are independent of the parties to the Subscription Agreement and not having any interest in the transactions contemplated under the Subscription Agreement, we have been appointed by the Board to advise you as to whether, in our opinion, the terms of the Subscription Agreement and the issue of the Subscription CP Shares are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Vinco Capital has been appointed by the Company as the independent financial adviser to advise us regarding the fairness and reasonableness of the terms of the Subscription Agreement and the issue of the Subscription CP Shares. Details of its advice, together with the principal factors and reasons taken into consideration in arriving at such opinion, are set out in “Letter from Vinco Capital” of the Circular. Your attention is also drawn to “Letter from the Board” of the Circular and the additional information set out in the appendices to the Circular.

---

## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

---

Having taken into account the opinion of and the principal factors and reasons considered by Vinco Capital as stated in its letter of advice, we consider that the terms of the Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. We therefore recommend the Independent Shareholders to vote in favour of the ordinary resolution in relation to the Subscription Agreement and the issue of the Subscription CP Shares to be proposed at the SGM.

Yours faithfully,  
For and on behalf of the  
**Independent Board Committee**

**Jonathan Chan Ming Sun**  
*Independent Non-executive Director*

**Robert Ip Chun Chung**  
*Independent Non-executive Director*

**Sun Dongfeng**  
*Independent Non-executive Director*

\* *for identification only*

---

## LETTER FROM VINCO CAPITAL

---

*The following is the text of a letter of advice from Vinco Capital to the Independent Board Committee and the Independent Shareholders in connection with the terms of the Subscription Agreement and the issue of Subscription CP Shares which has been prepared for the purpose of incorporation in this circular:*



**Grand Vinco Capital Limited**

Units 4909-4910, 49/F., The Center  
99 Queen's Road Central, Hong Kong

4 August 2009

To the Independent Board Committee and the Independent Shareholders of  
*China Data Broadcasting Holdings Limited*

Dear Sirs,

### **CONNECTED TRANSACTION – SUBSCRIPTION OF CONVERTIBLE PREFERENCE SHARES**

#### **INTRODUCTION**

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the terms of the Subscription Agreement and the issue of the Subscription CP Shares, details of which are set out in the "Letter from the Board" in the circular (the "Circular") issued by the Company to the Shareholders dated 4 August 2009 of which this letter forms part. Capitalized terms used in this letter shall have the same meanings ascribed to them in the Circular unless the context otherwise requires.

On 14 July 2009, the Company and the Subscriber entered into the Subscription Agreement pursuant to which the Company has agreed to allot and issue and the Subscriber has agreed to subscribe for 50,000,000 Subscription CP Shares for a total consideration of HK\$15.0 million. The Subscription CP Shares can be converted at any time during the Conversion Period in to Conversion Shares at the Conversion Price. Assuming the Subscription CP Shares are fully converted into Conversion Shares at the initial Conversion Price of HK\$0.30, an aggregate of 50,000,000 Conversion Shares shall be allotted and issued, representing approximately 15.72% of the existing issued share capital of the Company and approximately 13.59% of the entire issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares.

---

## LETTER FROM VINCO CAPITAL

---

Since the Subscriber is a wholly-owned subsidiary of Sichuan Changhong Electric Co., Limited, (“Changhong”), a substantial shareholder of the Company, the Subscriber is thus a connected person of the Company for the purpose of the GEM Listing Rules. Accordingly, the Subscription Agreement and the issue of the Subscription CP Shares constitute a non-exempt connected transaction of the Company under Chapter 20 of the GEM Listing Rules and are subject to announcement, reporting and approval of the Independent Shareholders taken by way of poll at the SGM. Under the GEM Listing Rules, the Subscriber and its associates are required to abstain from voting in respect of the proposed resolutions to approve the Subscription Agreement and the transactions contemplated thereunder.

The Independent Board Committee, comprising Mr. Jonathan Chan Ming Sun, Mr. Robert Ip Chun Chung and Mr. Sun Dongfeng, all being the independent non-executive Directors, has been formed to advise the Independent Shareholders in respect of voting on the resolutions to approve the terms of the Subscription Agreement and the issue of the Subscription CP Shares at the SGM. We have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of terms of the Subscription Agreement and the issue of the Subscription CP Shares and such appointment has been approved by the Independent Board Committee. In our capacity as the independent financial adviser to the Independent Board Committee and the Independent Shareholders for the purposes of the GEM Listing Rules, our role is to give you an independent opinion as to whether the terms of the Subscription Agreement and the issue of the Subscription CP Shares are on normal commercial terms, in the ordinary and usual course of business, fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole and advise the Independent Board Committee and the Independent Shareholders on how the Independent Shareholders should vote in respect of the relevant resolution to be proposed at the SGM to approve the Subscription Agreement and the issue of the Subscription CP Shares.

### **BASIS OF OUR OPINION AND RECOMMENDATION**

In forming our opinion and recommendation, we have relied on the information, facts and representations contained or referred to in the Circular and the information, facts and representations provided by, and the opinions expressed by the Directors, management of the Company and its subsidiaries. We have assumed that all information, facts, opinions and representations made or referred to in the Circular were true, accurate and complete at the time they were made and continued to be true, accurate and complete as at the date of the Circular and that all expectations and intentions of the Directors, management of the Company and its subsidiaries, will be met or carried out as the case may be. We have no reason to doubt the truth, accuracy and completeness of the information, facts, opinions and representations provided to us by the Directors, management of the Company and its subsidiaries. The Directors have confirmed to us that no material facts have been omitted from the information supplied and the opinions expressed. We have no reason to doubt that any relevant material facts have been withheld or omitted from the information provided and referred to in the Circular or the reasonableness of the opinions and representations provided to us by the Directors, management of the Company and its subsidiaries.

---

## LETTER FROM VINCO CAPITAL

---

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

We have relied on such information and opinions and have not, however, conducted any independent verification of the information provided, nor have we carried out any independent investigation into the business, financial conditions and affairs of the Group or its future prospect.

Based on the foregoing, we confirm that we have taken all reasonable steps, which are applicable to the terms of the Subscription Agreement and the issue of the Subscription CP Shares, as referred to in Rule 17.92 of the GEM Listing Rules (including the notes thereto).

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the terms of the Subscription Agreement and the issue of the Subscription CP Shares and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In arriving at our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in relation to the terms of the Subscription Agreement and the issue of the Subscription CP Shares, we have considered the principal factors and reasons set out below:

#### **Background of and reasons for entering into the Subscription Agreement and the issue of the Subscription CP Shares**

##### *(1) Information of the Group*

As referred to in the Letter from the Board, the Group is principally engaged in the trading of consumer electronic products and related parts and components.

Trading in the Shares on GEM has been suspended since 28 December 2004. As stated in the Letter from the Board, the Company has applied for the resumption of trading in the Shares on GEM and has made various submissions to the Stock Exchange in this connection. The approval-in-principle for the resumption of trading in the Shares was granted by the Stock Exchange on 18 March 2009 which the issuance of the Subscription CP Shares being one of the conditions precedent to be fulfilled by the Group. The Independent Shareholders should note that resumption of the trading of Shares is subject to the approval of the Stock Exchange. Prior to the fulfilment of all conditions stated in the Letter from the Board, trading of the Shares on GEM will remain suspended until further notice.

---

## LETTER FROM VINCO CAPITAL

---

Set out below is a summary of the financial information of the Group for the two financial years ended 31 December 2007 and 2008 as extracted from the Company's respective annual reports:

	<b>For the year ended</b>		<b>% change from 2007 to 2008</b>
	<b>31 December</b>		
	<b>2007</b>	<b>2008</b>	
	<i>HK\$'000</i>	<i>HK\$'000</i>	
	(approximately)	(approximately)	
Turnover	320,949	1,324,975	312.83
Gross profit	4,997	27,232	444.97
Gross profit margin	1.56%	2.06%	32.05
(Loss)/profit attributable to the Shareholders	(3,896)	5,702	N/A
	<b>As at 31 December</b>		
	<b>2007</b>	<b>2008</b>	
	<i>HK\$'000</i>	<i>HK\$'000</i>	
	(approximately)	(approximately)	
Bank balances and cash	25,663	39,017	52.04
Net liabilities attributable to the Shareholders	(13,105)	(7,403)	(43.51)
Total interest-bearing borrowings	19,499	669,956	3,335.85
Total liabilities	118,002	959,288	712.94
Shareholder's equity	6,394	8,098	26.65
Gearing (times)	18.46	118.46	541.71

As disclosed in the above table, we noted that the turnover of the Group for the year ended 31 December 2008 was approximately HK\$1,324,975,000 (2007: approximately HK\$320,949,000), representing a substantial increase of approximately 312.83% as compared to the prior year. For the year ended 31 December 2008, profit attributable to the Shareholders was approximately HK\$5,702,000 (2007: a loss of approximately HK\$3,896,000), representing a turnaround from the loss attributable to the Shareholders for the year ended 31 December 2007. As at 31 December 2008, its net liabilities attributable to the Shareholders amounted to approximately HK\$7,403,000 (2007: approximately HK\$13,105,000), representing an improvement of approximately 43.51% when compared to previous year. Total interest-bearing borrowings also rose dramatically by approximately 3,335.85%, in which the capital borrowed is mainly used for the promotion of business during the year. In addition, as stated in the annual report 2008, we noted the Group would continue to consolidate its existing businesses while exploring new business opportunities that would enhance its existing businesses. We are also confirmed by the Directors that the Group is currently considering various investment projects and options and it is important for the Group to maintain sufficient financial resources on hand so as to make prompt decision as and when suitable investment opportunities arise. Throughout the two financial years ended 31 December 2008, the Company did not declare or pay any dividends.

---

## LETTER FROM VINCO CAPITAL

---

It is noted in the Company's annual reports for the two years ended 31 December 2008, the financial statements of which had been prepared on a going concern basis, the validity of which depended on the continuing financial support from the substantial Shareholder via the Subscriber.

(2) *Information of the Subscriber*

As stated in the Letter from the Board, the Subscriber is a wholly-owned subsidiary of Changhong, a substantial shareholder of the Company (being interested in 29.99% of the issued share capital of the Company). The Subscriber and its parent companies are principally engaged in the manufacturing, sales and marketing of consumer electronic products globally.

(3) *Reasons for the Subscription and the intended use of proceeds*

The Group recorded audited consolidated net liabilities of the Group attributable to the Shareholders of approximately HK\$7.4 million as at 31 December 2008. The issue of the Subscription CP Shares would eliminate part of the non-current liabilities that the Group presently owes to the Subscriber and thereby improve the Company's net assets position substantially and it is viewed as a necessary step towards the resumption of trading in the Shares on the Stock Exchange. In this regard, we are of the view that the Subscription is in line with the business development of the Group and thus we consider that the entering of the Subscription Agreement is in the usual and ordinary course of business of the Group.

(4) *Other financing alternatives*

As confirmed by the Directors, the Company has not conducted any other equity fund raising activities during the past twelve months immediately prior to the Latest Practicable Date.

As discussed with the Directors, the Directors have considered other financing methods such as bank borrowings, debt financing and other forms of pro rata equity financing for fund raising purposes. However, as advised by the Directors, given the current volatile economic conditions and the credit tightening resulting from the global financial tsunami since the third quarter of 2008, the Directors expect that, given the prolonged suspension status of the Company, it would be difficult for the Group to secure either bank borrowings or debts from banks or other financial institutions with favourable terms. Also, the abovementioned financings would be subjected to lengthy due diligence and negotiations with banks or other financial institutions, which may delay the process of resumption of trading in the Shares. And most importantly, such financings would not subsequently improve the Company's net liabilities financial position. Meanwhile, with respect to pro rata equity financing such as rights issue or open offer, it might be difficult for the Group to procure favourable terms from commercial underwriting under the current volatile market condition. As discussed with the Directors, the Directors have also considered engaging Changhong as underwriter in the event of pro rata



---

## LETTER FROM VINCO CAPITAL

---

equity financing. Nevertheless, having considered various factors, including but not limited to (i) trading in Shares had been suspended for over four years since 28 December 2004; (ii) the Group's current financial position of recording net liabilities for the past two years ended 31 December 2008; (iii) there is reasonable doubt in participation of the existing Shareholders in rights issue or open offer given the prolonged suspension of trading in Shares on GEM since 28 December 2004; and (iv) the effect of immediate dilution of existing shareholding of the Company if such low participation of existing shareholders materialize, the Directors consider that the shortcomings incurred would outweigh the potential benefits in conducting the pro rata equity financing, either with independent commercial underwriter or Changhong as underwriter, and thus does not consider the pro rata equity financing as an appropriate approach in this respect. Taking into consideration that (i) the Group's current heavy reliance in debt financing; (ii) the difficulties that may be encountered by the Group in securing bank borrowings at more favourable terms than those of the Subscription Agreement given the current volatile market condition and such financing will usually result in lengthy negotiations which may delay the process of resumption of trading in the Shares; (iii) the difficulties that may be faced by the Group in procuring favourable terms from commercial underwriting in the case of either open offer or rights issue and the possibility of low participation of the existing Shareholders in such pro rata equity financing and the effect of immediate dilution of existing shareholding of the Company if such low participation of existing Shareholders materialize; and (iv) the issue of the Subscription CP Shares will not have an immediate dilution effect on the shareholdings of the existing Shareholders, the issue of Subscription CP Shares is thus a feasible and preferred mean of financing to the Company when compared to debt financing and pro rata equity financing.

### **Terms of the Subscription Agreement**

#### *(1) Issue Price*

Pursuant to the Subscription Agreement, the Company has agreed to allot and issue and the Subscriber has agreed to subscribe for 50,000,000 Subscription CP Shares for a total consideration of HK\$15.0 million. The Subscription CP Shares can be converted at any time during the Conversion Period into Conversion Shares at the Conversion Price.

Assuming the Subscription CP Shares are fully converted into Conversion Shares at the initial Conversion Price of HK\$0.30 per Conversion Shares, an aggregate of 50,000,000 Conversion Shares shall be allotted and issued, representing approximately 15.72% of the existing issued share capital of the Company and approximately 13.59% of the entire issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares.

The Issue Price of HK\$0.30 represents:

- (i) a discount of approximately 79.17% to the closing price of HK\$1.44 per Share as quoted on the Stock Exchange on 24 December 2004, being the Last Trading Day Prior to Suspension;

---

## LETTER FROM VINCO CAPITAL

---

- (ii) a discount of approximately 79.17% to the average closing price of HK\$1.44 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day Prior to Suspension;
- (iii) a discount of approximately 78.87% to the average closing price of HK\$1.42 per Share as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day Prior to Suspension; and
- (iv) a discount of approximately 81.13% to the average of the closing price of HK\$1.59 per Share as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day Prior to Suspension.

The Issue Price of HK\$0.30 also represents a premium in comparison with the audited consolidated net liabilities of the Group attributable to Shareholders as at 31 December 2008 of approximately HK\$0.023 per Share, based on 318,000,000 Shares in issue as at 31 December 2008. Further, as confirmed by the Directors, the Subscription Price was determined at after arm's length negotiations between the Company and the Subscriber.

To assess as to the fairness and reasonableness of the Issue Price under the Subscription, we thus set out the following informative analyses for illustrative purpose:

- (i) Historical Share price and liquidity performance

Trading in the Shares on GEM has been suspended since 28 December 2004. Given that the Last Trading Day Prior to Suspension was over four years ago and the significant difference in current financial position of the Group with its past business performance, we are thus of the view that it is considered as inapplicable for us to assess whether the Issue Price is fair and reasonable or not in terms of the historical price and liquidity performance of the Shares.

- (ii) Comparison with other issues of non-redeemable convertible preference shares

As part of our analysis, we have, to the best of our knowledge and based on the information available from the website of the Stock Exchange, reviewed and included below all the companies (the "Comparables") listed on the Stock Exchange which have announced issue of non-redeemable convertible preference shares during the period from 14 July 2007 (being 24 months before the date on which the Subscription Agreement was entered into) and up to the Date of the Subscription Agreement (the "Review Period").

---

## LETTER FROM VINCO CAPITAL

---

Being approximately half of the suspension of trading in the Company's shares for over four years, we consider a 24-month period is appropriate to capture a reasonable data for our analysis in the issue of non-redeemable convertible preferences shares. The table below summarizes our findings:

Date of announcement	Company name	Stock code	Premium/ (discount) of the subscription price over/(to) the closing price per share on the last trading day prior to the date of announcement	Premium/ (discount) of the subscription price over/(to) the average closing price per share on the last ten consecutive trading days up to and including the last trading day prior to the date of announcement
8 July 2009	Green Global Resources Limited	61	(71.10)	(62.96)
14 May 2009	China Water Industry Group Limited	1129	(17.65)	7.82
11 May 2009	CCT Tech International Limited	261	0.00	0.00
5 May 2009	iMerchants Limited	8009	(13.04)	0.00
20 April 2009 (Note 1)	Enric Energy Equipment Holdings Limited (Note 2)	3899	10.70	9.89
10 March 2009	Bright Prosperous Holdings Limited	723	(57.03)	(29.40)
13 February 2009	United Power Investments Limited (Note 2)	674	8.91	7.11
7 November 2008	Minmetals Land Limited (Note 2)	230	23.26	39.47
20 October 2008	Chaoyue Group Limited	147	99.00	32.00
19 August 2008	China Railway Logistics Limited	8089	(44.50)	(41.37)
9 July 2008	Ocean Grand Chemicals Holdings Limited (Note 2)	2882	(77.42)	(77.42)
29 May 2008	Wah Sang Gas Holdings Limited	8035	(95.31)	(95.89)

---

## LETTER FROM VINCO CAPITAL

---

Date of announcement	Company name	Stock code	Premium/ (discount) of the subscription price over/(to) the closing price per share on the last trading day prior to the date of announcement	Premium/ (discount) of the subscription price over/(to) the average closing price per share on the last ten consecutive trading days up to and including the last trading day prior to the date of announcement
27 May 2008	Info Communication Holdings Limited	8082	(55.71)	(52.96)
2 November 2007	North Asia Strategic Holdings Limited	8080	(86.4)	(87.9)
			<b>Maximum</b>	99.00
			<b>Minimum</b>	(95.31)
			<b>Average</b>	(26.88)
<b>17 July 2009</b> <i>(Note 3)</i>	<b>The Company</b>	<b>8 016</b>	<b>(79.17)</b>	<b>(78.87)</b>

Source: Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk))

*Notes:*

- (1) The original issue price of the convertible preference shares of HK\$4.49 with reference to the company's announcement on 10 September 2008 was amended on 20 April 2009 in light of the current market conditions and economic environment.
- (2) The convertible preference shares were issued to the connected persons of each of the respective companies.
- (3) The discounts on the Issue Price are calculated with reference to the Last Trading Day Prior to Suspension.

Independent Shareholders should note that the terms of the subscription are subject to many factors, including but not limited to, the financial performance of the companies, prevailing market conditions and the price and trading performance of the shares of the respective companies. Further, we consider that it would be rather inappropriate to form any views as to the fairness and reasonableness of the Issue Price of the Subscription CP

---

## LETTER FROM VINCO CAPITAL

---

Shares with reference to the extent of discounts of the Issue Price to the closing price of the Shares on the Last Trading Day Prior to Suspension that are over four years ago. Accordingly, we would only note that 9 out of 14 Comparables illustrated in the above table issue non-redeemable convertible preference shares at discounts to the last trading day prior to the date of respective announcements and we are of the view that the discount in the issue of Subscription CP Shares is in line with the range of discounts in the issue of convertible preference shares by other listed companies in Hong Kong.

However, we noted that (i) the current financial position of recording net liabilities of the Group for the past two years ended 31 December 2008; (ii) the potential benefits that would be derived by the Company from the improvement of the Group's net asset position upon issuance of the Subscription CP Shares; (iii) the issuance of Subscription CP Shares is a necessary step towards the resumption of trading in the Shares on the Stock Exchange; (iv) the Issue Price was determined at after arm's length negotiations between the Company and the Subscriber; and (v) it is rather common for the companies to offer discounts in the issue of convertible preference shares during the Review Period. As such, we are thus of the opinion that the Issue Price is fair and reasonable, and thus is in the interests of the Company and the Independent Shareholders as a whole.

(2) *Other terms of the Subscription Agreement*

Holders of the Convertible Preference Shares are entitled to receive dividends pari passu with holders of the shares of any other class in the capital of the Company which rank passu with the Convertible Preference Shares. The preferential dividends shall be fixed cumulative at the rate of 4.5% per annum. As confirmed by the Directors, such preferential dividend rate of 4.5% is determined at after arm's length negotiations between the Company and the Subscriber.

In order to assess the fairness and reasonableness of the dividend rate under the Subscription, we have considered applying a comparable analysis through comparing the dividend rate to companies listed on the Stock Exchange which have announced issue of non-redeemable convertible preferences shares during the Review Period. However, we have not been able to identify sufficient comparable companies which will not result in a meaningful analysis on the dividend rate. Thus, we consider the aforesaid comparable analysis is not applicable.

Given that the dividend of the Subscription CP Shares is fixed cumulative and is similar to the interest expenses incurred in bank borrowings, we are thus consider that it would be more appropriate for us to make reference to the respective prime rates as quoted by various commercial banks in Hong Kong as at the Latest Practicable Date and we noted such prime rates ranged from 5.0% to 5.25%. We have also reviewed the current market interest rates offered by various commercial banks in Hong Kong and we noted that such bank borrowings are mostly offered on a secured basis and at an interest rate higher than the current prime rates, subject to various factors, including but not limited to, the maximum loan amount offered, other handling

---

## LETTER FROM VINCO CAPITAL

---

fees and the repayment period. As confirmed by the Directors, the Directors considered that it would be difficult for the Company to pledge its assets to secure bank borrowings and secure a principal amount of HK\$15 million borrowings from banks with favourable terms. In addition, in the event that the Company secures either bank borrowings or debts from banks or other financial institutions instead of the issue of Subscription CP Shares, it would lead to relatively higher financial costs which would further worsen the net liabilities financial position of the Group.

Having considered that (i) the current financial position of recording net liabilities of the Group for the past two years ended 31 December 2008; (ii) the current market interest rates of loans from commercial banks and other financing institutions; (iii) the dividend rate of 4.5% is determined at after arm's length negotiation between the Company and the Subscriber; (iv) the issue of Subscription CP Shares would result in relatively lower financial costs and would not worsen the existing net liabilities financial position of the Group when compared to debt financings; (v) the issue of the Subscription CP Shares will not have an immediate dilution effect on the shareholdings of the existing Shareholders; and (vi) the abovementioned potential benefits that would be derived by the Company upon issuance of the Subscription CP Shares, we are thus of the opinion that the dividend rate of 4.5% under the Subscription Agreement is fair and reasonable.

We have also reviewed other major terms (including the conversion rate, conversion period, voting rights and ranking class) of the Subscription Agreement and we noted that the terms under the Subscription are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

Based on the aforesaid, we are thus of the opinion that the terms of the Subscription Agreement and the issue of the Subscription CP Shares are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

---

## LETTER FROM VINCO CAPITAL

---

### Potential dilution effects on the shareholding of the existing Shareholders

The table below illustrates the possible shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after the completion of the Subscription and the allotment and issue of the Subscription CP Shares; and (iii) immediately after full conversion of the Subscription CP Shares and the allotment and issue of the Conversion Shares (assuming no further Shares will be issued or repurchased before the allotment and issue of the Conversion Shares):

	As at the date of the Latest Practicable Date		Immediately after the completion of the Subscription and the allotment and issue of the Subscription CP Shares		Immediately after full conversion of the Subscription CP Shares and the allotment and issue of the Conversion Shares (assuming no further Shares will be issued or repurchased before the allotment and issue of the Conversion Shares)	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Subscriber and its associates	95,368,000	29.99	95,368,000	29.99	145,368,000	39.50
Sichuan Investment Management Company Limited	83,009,340	26.10	83,009,340	26.10	83,009,340	22.56
Directors of the Company and its subsidiaries	44,520,000	14.00	44,520,000	14.00	44,520,000	12.10
Public Shareholders	<u>95,102,660</u>	<u>29.91</u>	<u>95,102,660</u>	<u>29.91</u>	<u>95,102,660</u>	<u>25.84</u>
Total	<u><u>318,000,000</u></u>	<u><u>100.00</u></u>	<u><u>318,000,000</u></u>	<u><u>100.00</u></u>	<u><u>368,000,000</u></u>	<u><u>100.00</u></u>

Assuming that (i) no further Shares will be issued or repurchased before the allotment and issue of the Conversion Shares; and (ii) upon full conversion of the Subscription CP Shares and the allotment and issue of the Conversion Shares, 50,000,000 Conversion Shares shall be allotted and issued, representing approximately 15.72% of the existing issued share capital of the Company and approximately 13.59% of the entire issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares.

As shown in the table above, the aggregate shareholding of the existing public Shareholders will be diluted from approximately 29.91% at the Latest Practicable Date to approximately 25.84% as upon full conversion of the Subscription CP Shares and the allotment and issue of the Conversion Shares.

---

## LETTER FROM VINCO CAPITAL

---

Notwithstanding the potential dilution effect, having considered the factors and potential benefits from the Subscription discussed in the above, we consider that the extent of the potential dilution of the shareholding of the existing public Shareholders is acceptable so far as the Company and the Independent Shareholders are concerned.

### **Financial effects of the Subscription**

#### *(1) Net assets value*

Based on the annual report of the Company for the year ended 31 December 2008, the Group recorded net liabilities of approximately HK\$7,403,000 as at 31 December 2008. According to the unaudited pro forma financial information of the Group set out in appendix I to the Circular and immediately after the completion of the Subscription, the Group would record pro forma net assets value of approximately HK\$4,900,000, representing a substantial improvement of approximately HK\$12,303,000.

#### *(2) Working capital*

As stated in the annual report 2008 of the Company, the audited consolidated working capital of the Group was approximately HK\$8,021,000 as at 31 December 2008. With reference to the unaudited pro forma financial of the Group set out in appendix I and immediately after the completion of the Subscription, the pro forma working capital of the Group would remain unchanged.

#### *(3) Gearing*

The gearing ratio of the Group was approximately 118.45 times, which is derived by dividing the total liabilities of the Group of approximately HK\$959,288,000 by the Shareholders' equity of approximately HK\$8,098,000. In accordance with the unaudited pro forma financial information of the Group set out in appendix I and immediately after the completion of the Subscription, the gearing ratio of the Group would be dropped from 118.45 times to approximately 116.94 times (derived by dividing the total liabilities of the Group of approximately HK\$946,985,000 by the Shareholder's equity of approximately HK\$8,098,000), which would result in a slight reduction to the financial leverage of the Group.

Based on the foregoing, the Subscription would have an immediate positive financial effect on the Group in terms of net assets value and gearing of the Group. However, it should be noted that the aforesaid analyses are for illustrative purposes only and does not purport the exact financial position of the Group upon completion of the Subscription.



---

## LETTER FROM VINCO CAPITAL

---

### CONCLUSION

Having taken into consideration of the following principal factors and reasons regarding the terms of the Subscription Agreement and the issue of the Subscription CP Shares including:

- i) trading in the Shares had been suspended for over four years since 28 December 2004 and resumption of trading in the Shares is subject to the issuance of the Subscription CP Shares;
- ii) the current financial position of recording net liabilities of the Group for the two years ended 31 December 2008;
- iii) the potential benefits that would be derived by the Company from the improvement of the Group's net asset position upon issuance of the Subscription CP Shares;
- iv) the issue of the Subscription CP Shares is a feasible and preferred source of financing over debt financing and other pro rata equity financing;
- v) the terms of the Subscription Agreement are fair and reasonable; and
- vi) the Subscription would provide the Group with immediately available funding and thereby resulting positive financial effects on the Group,

we are of the view that the terms of Subscription Agreement and the issue of the Subscription CP Shares are on normal commercial terms, in the ordinary course of business and are fair and reasonable so far as the Independent Shareholders are concerned and the terms of Subscription Agreement and the issue of the Subscription CP Shares are in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we advise the Independent Board Committee and the Independent Shareholders that the Independent Shareholders should vote in favour of the resolution to be proposed at the SGM to approve the Subscription Agreement and the transactions contemplated thereunder.

Yours faithfully,  
For and on behalf of  
**Grand Vinco Capital Limited**  
**Alister Chung**  
*Managing Director*

*The unaudited pro forma financial information of the Group after completion of the Subscription is set out below for illustrative purpose only. It is prepared in accordance with Rule 7.31(1) of the GEM Listing Rules for the purpose of providing investor with information to illustrate the effect of the Subscription on the Group's financial information.*

**(A) INTRODUCTION**

The following is the unaudited pro forma consolidated balance sheet of the Group prepared in accordance with paragraph 31 of Chapter 7 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of illustrating the effect of the issue of cumulative convertible preference shares (the "Proposed Transaction") on the audited consolidated balance sheet of the Group as if the Proposed Transaction had been completed on 31 December 2008. It is prepared for illustrative purpose only and because of its nature, it may not give a true picture of the financial position of the Group upon completion of the Proposed Transaction.

The unaudited pro forma consolidated balance sheet of the Group is prepared based on the audited consolidated balance sheet of the Group as at 31 December 2008, extracted from the published annual report of the Group as of 31 December 2008, as if the Proposed Transaction had been completed on 31 December 2008.

## (B) UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET OF THE GROUP

	The Group at 31 December 2008 <i>HK'000</i> (Audited)	Pro forma adjustments <i>HK'000</i>	<i>Notes</i>	Unaudited pro forma consolidated balance sheet of the Group at 31 December 2008 <i>HK'000</i> (Unaudited)
<b>Non-current asset</b>				
Plant and equipment	77			77
<b>Current assets</b>				
Inventories	2,169			2,169
Trade and bills receivables	446,058			446,058
Trade deposits paid	383,961			383,961
Prepayments, deposits and other receivables	486			486
Amounts due from related companies	102			102
Pledged bank deposits	80,015			80,015
Bank balances and cash	39,017			39,017
	<u>951,808</u>			<u>951,808</u>
<b>Current liabilities</b>				
Trade and bills payables	255,946			255,946
Other payables	7,635			7,635
Customer deposits	19,271			19,271
Amount due to a director	5			5
Tax liabilities	6,475			6,475
Borrowings	654,455			654,455
	<u>943,787</u>			<u>943,787</u>
<b>Net current assets</b>	<u>8,021</u>			<u>8,021</u>
	<u><u>8,098</u></u>			<u><u>8,098</u></u>
<b>Capital and Reserves</b>				
Share capital	7,950			9,200
Share premium and reserves	(15,353)	12,303	(2)	(4,300)
	(7,403)			4,900
<b>Non-current liabilities</b>				
Borrowings	15,501	(15,000)	(1), (2)	501
Cumulative convertible preference shares	–	2,697	(2)	2,697
	<u>8,098</u>			<u>8,098</u>

*Notes:*

- 1) Pursuant to the terms of the subscription agreement between the Company and Changhong (Hong Kong) Trading Ltd. (“Changhong H.K.”), 50,000,000 cumulative convertible preference shares (“Preference Shares”) at an aggregate subscription price of HK\$15,000,000 will be issued to Changhong H.K., a wholly-owned subsidiary of a substantial shareholder of the Company. The Preference Shares are non-voting and non-redeemable with fixed and cumulative dividend of 4.5% per annum payable annually in arrears on 31 December in each year and convertible at anytime from the date of issue of the Preference Shares into 50,000,000 ordinary shares of the Company at the option of Changhong H.K.. The conversion price of the Preference Shares is HK\$0.3. The consideration will be paid by Changhong H.K. by way of off-setting with part of the amount due by the Group to Changhong H.K..

This adjustment is to reflect the estimated proceeds of HK\$15,000,000 from the Proposed Transaction, satisfied by way of off-setting with part of the amount due by the Group to Changhong H.K.

- 2) The value of the Preference Shares is split into a debt component amounting to approximately HK\$2,697,000, which is carried in the unaudited pro forma consolidated balance sheet as a non-current liability, and an equity component amounting to approximately HK\$12,303,000. The debt and equity components of the Preference Shares are measured at fair value and the valuation is determined by Grant Sherman Appraisal Limited, an independent professional valuer not connected with the Group in accordance with Gordon Growth Model as if the issue of Preference Shares had been completed on 31 December 2008. The split of Preference Shares between the debt and equity components are in accordance with the Hong Kong Accounting Standard 32 “Financial Instruments: Disclosure and Presentation”.
- 3) The transaction costs attributable to the Proposed Transaction have not been accounted for in the preparation of the unaudited pro forma financial information as the directors of the Company considered such transaction costs will not be material.

*The following is the text of a report, prepared for the sole purpose of inclusion in this circular, received from the independent reporting accountants, SHINEWING (HK) CPA Limited, Certified Public Accountants, Hong Kong.*

**ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION  
OF THE GROUP**

SHINEWING (HK) CPA Limited  
16/F., United Centre  
95 Queensway, Hong Kong

4 August 2009

The Directors  
China Data Broadcasting Holdings Limited

Dear Sirs,

We report on the unaudited pro forma financial information of China Data Broadcasting Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) set out in Appendix I to the Company’s circular dated 4 August 2009 (the “Circular”) in connection with the proposed issue of cumulative convertible preference shares (the “Proposed Transaction”), which has been prepared by the directors of the Company (the “Directors”), for illustration purpose only, to provide information about how the Proposed Transaction might have affected the unaudited pro forma financial information of the Group presented. The basis of preparation of the unaudited pro forma financial information is also set out in Appendix I to the Circular.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND REPORTING ACCOUNTANTS**

It is the responsibility solely of the Directors to prepare the unaudited pro forma financial information in accordance with paragraph 31 of Chapter 7 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants.

It is our responsibility to form an opinion, as required by paragraph 31 of Chapter 7 of the GEM Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

**BASIS OF OPINION**

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 “Accountants’ Reports on Pro Forma Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants. Our work consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma financial information with the Directors. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited pro forma financial information has been properly compiled by the Directors on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purpose of the unaudited pro forma financial information as disclosed pursuant to paragraph 31(1) of Chapter 7 of the GEM Listing Rules.

The unaudited pro forma financial information is for illustration purpose only, based on the judgements and assumptions of the Directors, and, because of its hypothetical nature, does not give any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Group as at 31 December 2008 or any future date.

**OPINION**

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled by the Directors on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 31(1) of Chapter 7 of the GEM Listing Rules.

**SHINEWING (HK) CPA Limited**

*Certified Public Accountants*

**Pang Wai Hang**

Practising Certificate Number: P05044

Hong Kong

**RESPONSIBILITY STATEMENT**

This circular, for which the Directors 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 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 circular 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 the circular misleading; and (3) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

**DISCLOSURE OF INTERESTS****(a) Directors' interests and short positions in shares and underlying shares and debentures**

As at the Latest Practicable Date, the interests and short positions of the Directors in the Shares of the Company, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as 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 were taken or deemed to have under such provisions of the SFO); or as recorded in the register required to be kept pursuant to section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, were as follows:

*Long positions in the Shares*

<b>Name of director</b>	<b>Number of Shares</b>	<b>Capacity</b>	<b>Type of Interest</b>	<b>Approximate percentage of interest %</b>
David Ji Long Fen ("Mr. Ji")	44,520,000	Beneficial owner	Personal	14.00

Save as disclosed in this paragraph, as at the Latest Practicable Date, none of the Directors had any interests and short positions in the Shares of the Company, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or were recorded in the register required to be kept pursuant to section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors.

**(b) Substantial Shareholders' and other persons' interests in shares and underlying shares**

So far as is known to the Directors and chief executive of the Company, as at the Latest Practicable Date, the following persons (not being a Director or chief executive of the Company) had interest 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 were expected, directly or indirectly to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group:

*Long positions in Shares*

<b>Name of substantial shareholder</b>	<b>Capacity</b>	<b>Number of Shares</b>	<b>Approximate percentage of interest %</b>
Sichuan Changhong Electric Co., Limited ("Changhong")	Beneficial owner	95,368,000	29.99
Sichuan Investment Management Company Limited	Beneficial owner	83,009,340	26.10
Mr. Ji	Beneficial owner	44,520,000	14.00
Ms. Liu Ru Ying (Note (a))	Through spouse	44,520,000	14.00

*Note:*

- (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, the Directors and chief executive of the Company are not aware, as at the Latest Practicable Date, of any person (not being a Director or chief executive of the Company) who had 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 were expected, directly or indirectly to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group.



**INTEREST IN CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any material interest in any contract or arrangement which is significant in relation to the business of the Group.

**INTEREST IN ASSETS**

As at the Latest Practicable Date, none of the Directors or the experts referred to in the paragraph headed “Qualification and Consent of Experts” below had any direct or indirect interest in any asset which has been acquired or disposed of by or leased to any member of the Group since 31 December 2008 (the date to which the latest published audited consolidated financial statements of the Group were made up to) or proposed to be so acquired, disposed of or leased.

**SERVICE CONTRACT**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Company or any member of the Group (excluding contracts expiring or determinable by the relevant employer within one year without payment of compensation other than statutory compensation).

**COMPETING INTEREST**

Apex Digital, Inc. (“Apex Digital”) is wholly owned by Mr. Ji, an executive director of the Company since 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 is incorporated in the PRC and is listed on The Shanghai Stock Exchange. Changhong is principally engaged in, amongst other things, the wholesaling business of consumer home electronics items under the name of “Changhong”.

Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors, controlling shareholder, and substantial shareholders of the Company and their respective associates had an interest in a business which competes or may compete with the business of the Group and there were no contracts or arrangements subsisting in which a Director is materially interested and which is significant in relation to the business of the Group.

**LITIGATION**

As at the Latest Practicable Date, neither the Company nor any other members of the Group was engaged in any litigation or arbitration of material importance and, as far as the Directors are aware, no litigation or claim of material importance is pending or threatened against the Company or any other members of the Group.

**MATERIAL ADVERSE CHANGES**

Save as disclosed in this circular, the Directors are not aware of any material adverse changes in the financial or trading position of the Group since 31 December 2008, the date to which the last published audited accounts of the Group were made up.

**QUALIFICATION AND CONSENT OF EXPERTS**

The following is the qualification of the experts whose letters are included in this circular:

<b>Name</b>	<b>Qualification</b>	<b>Nature of opinion or advice</b>	<b>Date of opinion</b>
Vinco Capital	A licensed corporation to carry on type 1 (dealing in securities), type 6 (advising on corporate finance) regulated activities under the SFO	Letter to the Independent Board Committee and the Independent Shareholders	4 August 2009
SHINEWING (HK) CPA Limited (“Shinewing”)	Certified Public Accountants	Unaudited consolidated pro forma balance sheet of the Group	4 August 2009

Each of Vinco Capital and Shinewing has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and reference to its name in the form and context in which it appears.

As at the Latest Practicable Date, each of Vinco Capital and Shinewing did not have any shareholding in the Company or any other member of the Group or the right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in the Company or any other member of the Group.

**MISCELLANEOUS**

- (a) The qualified accountant of the Company is Mr. Lee Wing Lun, who is a member of the Hong Kong Institute of Certified Public Accountant, the CPA Australia, the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators.
- (b) The secretary of the Company is Mr. Lee Wing Lun. He is a member of the Hong Kong Institute of Certified Public Accountant, the CPA Australia, the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators.

- (c) The branch share registrar of the Company in Hong Kong is Hong Kong Registrar Limited, at 46/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (d) The English text of this document shall prevail over the Chinese text in the case of inconsistency.

**DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection during normal business hours at the principal place of business in Hong Kong of the Company at Unit 3701, 37/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong up to and including Thursday, 27 August 2009:—

- (a) the Subscription Agreement;
- (b) the letter from the Independent Board Committee, the text of which is set out on pages 15 to 16 of this circular;
- (c) the letter from Vinco Capital, the text of which is set out on pages 17 to 30 of this circular;
- (d) the unaudited consolidated pro forma balance sheet of the Group prepared by Shinewing, the text of which is set out in Appendix I to this circular;
- (e) the written consent from each of Vinco Capital and Shinewing referred to in the paragraph headed "Qualification and Consent of Experts" in this Appendix; and
- (f) this circular.

---

## NOTICE OF SGM

---



**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)

**NOTICE IS HEREBY GIVEN** that a special general meeting of the shareholders of China Data Broadcasting Holdings Limited (the “**Company**”) will be held at Unit 3701, 37/F., West Tower, Shun Tak Centre, 168-200 Connaught Road, Central, Hong Kong, at 10:30 a.m. on Thursday, 27 August 2009 for the purpose of considering and, if thought fit, passing with or without amendments the following resolutions as a special resolution and an ordinary resolution of the Company:

#### **SPECIAL RESOLUTION**

“**THAT**:-

- (a) the authorised share capital of the Company of HK\$30,000,000 comprising 1,200,000,000 ordinary shares of HK\$0.025 each (“**Ordinary Shares**”) be increased to HK\$100,000,000 by the creation of 3,950,000,000 Ordinary Shares and 50,000,000 non-redeemable convertible cumulative preference shares of HK\$0.025 each (“**Preference Shares**”), such Ordinary Shares and such Preference Shares to have attached thereto the respective rights and privileges and subject to the respective restrictions as set out in the Bye-laws of the Company (as amended in accordance with this resolution, and as may be further amended from time to time and for the time being in force); and
- (b) the Bye-laws of the Company be and are hereby amended in the following manner:
  - (i) by deleting the existing Bye-law 3(1) in its entirety and substituting therefor the following new Bye-law 3(1):

“The share capital of the Company is divided into ordinary shares of HK\$0.025 each and non-redeemable convertible cumulative preference shares of HK\$0.025 each (the “**Preference Shares**”). The Preference Shares shall confer on the holders thereof the respective rights and privileges and be subject to the respective restrictions as set out in Bye-law 9A”; and

\* *for identification only*

---

## NOTICE OF SGM

---

- (ii) by inserting the following new Bye-law 9A immediately after Bye-law 9 of the Bye-laws of the Company:

### **9A Convertible Preference Shares**

#### **(1). Definitions**

For the purpose of this Bye-law 9A, the following terms shall have the following meanings:

“Alternative Stock Exchange”	any stock exchange other than the Hong Kong Stock Exchange on which the Ordinary Shares, if not then listed on the Hong Kong Stock Exchange, are listed;
“Business Day”	a day (excluding Saturday) on which licensed banks are generally open for business in Bermuda and Hong Kong;
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited;
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant;
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant;
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation;
“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant;
“Conversion Date”	the Business Day immediately following the date of surrender of the certificate in respect of the relevant Preference Shares and delivery of an effective Conversion Notice pursuant to Bye-law 9A(6);
“Conversion Event”	the conversion of Preference Shares by a Preference Shareholder pursuant to Bye-law 9A(6)(a);

---

## NOTICE OF SGM

---

“Conversion Notice”	a notice served by any Preference Shareholder from time to time stating that such Preference Shareholder wishes to exercise the Conversion Right in respect of one or more Preference Shares held by such Preference Shareholder, in substantially the form prescribed by the Company from time to time;
“Conversion Price”	as of any Conversion Date, the Conversion Price, as adjusted from time to time in accordance with Bye-law 9A(7). The initial conversion price as at the Issue Date is HK\$0.30;
“Conversion Rate”	the rate for conversion of the Preference Shares into Ordinary Shares as determined in accordance with Bye-law 9A(6)(c);
“Conversion Right”	the right, subject to the provisions of Bye-law 9A(6), of Preference Shareholders to convert any Preference Share into Ordinary Shares;
“Converting Shareholder”	a Preference Shareholder all or some of whose Preference Shares are being or have been converted into Ordinary Shares;
“Dividend”	in relation to each Preference Share, a fixed cumulative preferential cash dividend in Hong Kong dollars payable annually thereon to its holder at the rate of 4.5% per annum on the Reference Amount;
“GEM”	the Growth Enterprise Market of Hong Kong Stock Exchange;
“Group”	the Company and its subsidiaries; and the expression “member of the Group” shall be construed accordingly;
“HK\$” or “HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited;

---

## NOTICE OF SGM

---

“Independent Financial Adviser”	an independent investment bank or financial advisory firm that is licensed under the Securities and Futures Ordinance (Cap 571, Laws of Hong Kong) in Hong Kong, reasonably selected by the Company and acting as an expert;
“Issue Date”	the date of allotment and issue of the Preference Shares;
“Listing Rules”	Rules Governing the Listing of Securities on GEM and/or such other listing rules to which the Company is subject;
“Ordinary Shares”	ordinary shares of HK\$0.025 each in the capital of the Company or, if there has been a sub-division, consolidation, re-classification or re-construction of the ordinary share capital of the Company, such ordinary shares forming part of the ordinary equity share capital of the Company of such other nominal amount as shall result from any such sub-division, consolidation, re-classification or reconstruction;
“Other Pari Passu Shares”	Shares ranking pari passu as regards dividends with the Preference Shares;
“Preference Shareholder”	a person registered from time to time in the register of members of the Company as a holder of Preference Share(s);
“Preference Shares”	the non-redeemable convertible cumulative preference shares of HK\$0.025 each in the capital of the Company, the rights of which are set out in Bye-law 9A;
“Public Float Requirement”	the requirement under the Listing Rules applicable to the Company that not less than a specified percentage of the Shares which are listed on the Hong Kong Stock Exchange shall be held by the public for the purpose of the Listing Rules;
“Record Date”	the date and time by which a subscriber, transferee or holder of securities of the class in question would have to be registered in order to participate or be entitled to in the relevant distribution or rights;

---

## NOTICE OF SGM

---

“Reference Amount”	the issue price of the Preference Shares;
“Register”	has the meaning given to it in Bye-law 9A(9)(a);
“SFC”	the Securities and Futures Commission of Hong Kong;
“Shares”	shares in the capital of the Company;
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers;
“Trading Day”	any day on which the Hong Kong Stock Exchange (or the Alternative Stock Exchange, as the case may be) is open for the business of dealing in securities.

### (2). Dividend

- (a) Subject to the Act, each Preference Share shall confer on the holder thereof the right to receive out of the funds of the Company available for distribution and resolved to be distributed the Dividend *pari passu* with holders of Other *Pari Passu* Shares but otherwise in priority to any other class of Shares from time to time in issue (including the Ordinary Shares).
- (b) The Dividend shall be cumulative and payable in Hong Kong dollars annually in arrears on 31 December in each year, shall accrue from day to day and shall be calculated on the basis of a 365 day year and, the actual number of days elapsed. The first Dividend shall be payable on 31 December 2009 and any Dividend that has accrued prior to the Conversion Date but remains unpaid on the Conversion Date shall be payable upon the Conversion Date, provided that without prejudice to the rights of the Preference Shareholders hereunder and subject to compliance with the Act, any unpaid Dividend shall accrue as a debt due by the Company to the Preference Shareholder and be repayable on demand which shall bear interest at the rate of 4.5% per annum from the date when such Dividend is due and payable to the date when such Dividend is paid in full together with interest thereon to the Preference Shareholder.
- (c) No dividend shall be paid to the holders of any Shares other than *Pari Passu* Shares (and then, only at the same time as the Preference Shareholders) unless and until any outstanding Dividend has been paid in full.



---

## NOTICE OF SGM

---

- (d) To the extent that any Dividend is not paid on the Preference Shares and/or any Other Pari Passu Shares, it shall accumulate and any such arrears of Dividend shall be payable to the Preference Shareholders and/or to the holders of any Other Pari Passu Shares, pari passu as between themselves, in preference to any other distribution in respect of any other class of Shares (including the Ordinary Shares). The Preference Shares shall not entitle the holders thereof to any further or other right of participation in the profits of the Company.
- (e) Notwithstanding the generality of the foregoing and subject to Bye-law 9A(6) below, upon any conversion of Preference Shares the Preference Shareholder shall be entitled to a pro rata portion of such Dividend that has accrued thereon up to the date immediately prior to the service of the relevant Conversion Notice.
- (f) To the extent that the Company shall have insufficient profits available for distribution in order to permit it to pay all or any of such additional amounts as aforesaid the amount of any shortfall shall be treated for all purposes as arrears of dividend.

### **(3). Distribution of Assets**

On a distribution of assets on liquidation, winding-up or dissolution of the Company or otherwise (but not on conversion of Preference Shares or any repurchase by the Company of Preference Shares or any other Shares), the assets and funds of the Company available for distribution among the members of the Company shall, subject to applicable laws, be applied in the following priority:

- (a) first, in paying to the Preference Shareholders and the holders of any Other Pari Passu Shares, pari passu as between themselves, a sum equal to any arrears and accruals of the Dividend payable respectively on the Preference Shares and such Other Pari Passu Shares held by them, respectively, to be calculated down to and inclusive of the date of the distribution of assets and to be payable whether or not any of such dividends have been declared and whether or not the Company has sufficient funds available for dividend or distribution;
- (b) secondly, in paying to the Preference Shareholders (pro rata to the aggregate of the Reference Amounts of the Preference Shares held by each such holder), pari passu as between themselves and the holders of any Other Pari Passu Shares by reference to the aggregate nominal amounts of the Preference Shares and the Other Pari Passu Shares, an amount equal to, respectively, the aggregate of the Reference Amounts of all of the Preference Shares and the issue price of such Other Pari Passu Shares and any premium payable thereon; and

---

## NOTICE OF SGM

---

- (c) thirdly, the balance of such assets shall belong to and be distributed on a pari passu basis among the holders of any class of Shares, other than the Preference Shares and any other Shares not entitled to participate in the distribution of such assets, in accordance with the respective rights attaching thereto.

#### **(4). Ranking of the Preference Shares**

Save as expressly provided in this Bye-law 9A, each Preference Share shall have the same rights as each of the Ordinary Shares. The Company may issue, without obtaining the consent of the Preference Shareholders, shares ranking senior and in priority to or pari passu with the Preference Shares as regards order of the participation in profits or assets and carrying such rights as to rates of dividend, voting, redemption, conversion, exchange or otherwise as the Directors may determine, or as the Company may by ordinary resolution determine.

#### **(5). Voting**

- (a) The Preference Shares shall not confer on the holders thereof the right to receive notice of, or to attend and vote at, a general meeting of the Company, unless a resolution is to be proposed at a general meeting for winding-up the Company or a resolution is to be proposed which if passed would (subject to any consents required for such purpose being obtained) vary or abrogate the rights or privileges of the Preference Shareholders or vary the restrictions to which the Preference Shares are subject, in which event the Preference Shares shall confer on the holders thereof the rights to receive notice of, and to attend and vote at, that general meeting, save that such holders may not vote upon any business dealt with at such general meeting except the election of a Chairman, any motion for adjournment and the resolution for winding-up or the resolution which if passed would (subject to any consents required for such purpose being obtained) so vary or abrogate the rights and privileges of the Preference Shareholders or vary the restrictions to which the Preference Shares are subject.
- (b) Where Preference Shareholders are entitled to vote on any resolution then, at the relevant general meeting or class meeting, on a show of hands every Preference Shareholder who is present in person or by proxy or (being a corporation) by a representative shall have one vote and on a poll every Preference Shareholder who is present in person or by proxy or (being a corporation) by a representative shall have one vote for each Ordinary Share into which each Preference Share held by him would be converted if the Conversion Date for such Preference Share were the date 48 hours preceding the date of such general meeting or class meeting.

---

## NOTICE OF SGM

---

### (6). Conversion

- (a) The Preference Shares shall be convertible at the option of the Preference Shareholder, at any time after the Issue Date and without the payment of any additional consideration therefor, into such number of fully-paid Ordinary Shares as determined in accordance with the then effective Conversion Rate. Notwithstanding the generality of the foregoing in respect of any conversion of Preference Shares, the Converting Shareholders shall be entitled to a pro rata portion of such Dividend that has accrued thereon up to the date immediately prior to the service of a Conversion Notice on the Company to require the Company to convert such Preference Shares to Ordinary Shares.
- (b) Subject to paragraph (f)(i) below, the number of Ordinary Shares to which a Converting Shareholder shall be entitled upon conversion following a Conversion Event shall be the number obtained by multiplying the Conversion Rate then in effect by the number of Preference Shares being converted.
- (c) The Conversion Rate of each Preference Share shall be determined by dividing the Reference Amount of each Preference Share by the Conversion Price in effect at the time of conversion provided that the Conversion Price shall not be less than the then subsisting nominal value of an Ordinary Share into which such Preference Share is convertible.
- (d)
  - (i) Any Preference Shareholder who wishes to convert one or more Preference Shares held by it pursuant to paragraph (a) above shall deliver to the Company at its principal place of business in Hong Kong a Conversion Notice. The Conversion Notice shall be deemed to have been served on the fifth Business Day following the day of posting if sent by registered post (or by pre-paid airmail if posted from outside Hong Kong).
  - (ii) The relevant Preference Shareholder shall deliver to the Company at its principal place of business in Hong Kong for surrender the certificate(s) evidencing the Preference Shares to be converted or, if such certificates have been lost or destroyed, such evidence of title as the Company may reasonably require, at the same time and together with the Conversion Notice given by such Preference Shareholder pursuant to paragraph (d)(i) above.

---

## NOTICE OF SGM

---

(iii) Upon delivery of the Conversion Notice and the certificate(s) evidencing the Preference Shares to be converted by the holder thereof to the Company, the Company shall promptly, and in any event no later than 5 Business Days after the date of receipt of such Conversion Notice and certificate(s):

- (1) issue and deliver to such holder (a) certificate(s) for the number of Ordinary Shares into which the Preference Shares are converted in the name as shown on the certificate(s) evidencing the Preference Shares so surrendered to the Company; or
- (2) (if so instructed by the Converting Shareholder in the Conversion Notice) issue in the name of HKSCC Nominees Limited, cause to be deposited into CCASS and credited into the CCASS Investor Participant stock account or the stock account of the designated CCASS Participant as instructed in the Conversion Notice, such number of Ordinary Shares into which the Preference Shares are converted,

in each case together with cash in lieu of any fraction of an Ordinary Share in accordance with paragraph (f) below.

- (e) The Company shall ensure that at all times there is a sufficient number of unissued Ordinary Shares in its authorised share capital to be issued in satisfaction of the exercise of the Conversion Rights of the Preference Shares.
- (f) (i) No fraction of an Ordinary Share arising on conversion will be allotted to the Converting Shareholder of the relevant Preference Share(s) otherwise entitled thereto but such fractions will, when practicable, be aggregated and sold and the net proceeds of sale will then be distributed pro rata among such holders unless in respect of any holding of relevant Preference Shares the amount to be so distributed would be less than HK\$100 (or its equivalent in another currency at a prevailing exchange rate selected by the Directors), in which case such amount will not be so distributed but will be retained for the benefit of the Company. Unless otherwise agreed between the Company and a Converting Shareholder, if more than one Preference Share shall fall to be converted pursuant to any one Conversion Notice, the number of Ordinary Shares to be issued upon conversion shall be calculated on the basis of the aggregate Reference Amount of the relevant Preference Shares. For the purpose of implementing the provisions of this subparagraph, the Company may appoint some person to execute transfers, renunciations or other documents on behalf of persons entitled to any such fraction and generally may make all arrangements which appear to it to be necessary or appropriate for the settlement and disposal of fractional entitlements.

---

## NOTICE OF SGM

---

- (ii) In the event of a consolidation or re-classification of Ordinary Shares by operation of law or otherwise occurring after the Issue Date which reduces the number of Ordinary Shares outstanding, the Company will upon conversion pay in cash (in Hong Kong dollars by means of a Hong Kong dollar cheque drawn on a licensed bank in Hong Kong) a sum equal to such portion of the Reference Amount of the Preference Share or Preference Shares evidenced by the certificate deposited in connection with the exercise of Conversion Rights as corresponds to any fraction of a Ordinary Share not issued as a result of such consolidation or re-classification aforesaid if such sum exceeds HK\$100.
  
- (g)
  - (i) Notwithstanding anything to the contrary herein, if the issue of Ordinary Shares following the exercise by a Preference Shareholder of the Conversion Rights relating to any of the Preference Shares held by such Preference Shareholder would result in the Company not meeting the Public Float Requirement immediately after the conversion, then the number of Ordinary Shares to be issued pursuant to such conversion shall be reduced to the maximum number of Ordinary Shares issuable by the Company which would not in the reasonable opinion of the Company result in a breach of the Public Float Requirement and the balance of the Conversion Rights attached to the Preference Shares which the Preference Shareholder sought to convert shall be suspended until such time when the Company is able to issue additional Ordinary Shares in satisfaction of the exercise of the said balance of Conversion Rights and at the same time comply with the Public Float Requirement.
  
  - (ii) In the event that paragraph (g)(i) above shall affect the exercise of the Conversion Right of any Preference Shareholder, the Company shall use reasonable endeavours to procure that there will be a sufficient number of Shares in public hands for the purposes of the Listing Rules so that all Preference Shares suspended from conversion may be converted to the fullest extent as soon as practicable without causing the Company to breach the Public Float Requirement.
  
- (h) Each Converting Shareholder shall comply with all applicable provisions of the Takeovers Code.

**(7). Conversion Price Adjustments**

- (a) The Conversion Price shall from time to time be adjusted in accordance with the following relevant provisions:
  - (i) if and whenever the Ordinary Shares by reason of any consolidation or sub-division or reclassification become of a different nominal amount, the Conversion Price in force immediately prior thereto shall be adjusted by multiplying it by the revised nominal amount

---

## NOTICE OF SGM

---

and dividing the result by the former nominal amount. Each such adjustment shall be effective from the close of business in Hong Kong on the day immediately preceding the date on which the consolidation or sub-division or reclassification becomes effective;

- (ii) if and whenever the Company shall issue any Ordinary Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account), then the Conversion Price in force immediately prior to such issue shall be adjusted by multiplying it by the aggregate nominal amount of the issued Ordinary Shares immediately before such issued and dividing the result by the sum of such aggregate nominal amount and the aggregate nominal amount of the Ordinary Shares issued in such capitalisation. Each such adjustment shall be effective (if appropriate, respectively) from the commencement of the day next following the Record Date for such issue.
- (b) If the Conversion Price is adjusted with effect (retroactively or otherwise) from a date on or before the date on which the names of the Preference Shareholders whose Preference Shares are converted into Ordinary Shares pursuant hereto or such other persons as they may direct are entered into the register of holders of Ordinary Shares of the Company and such Preference Shareholders, entitlement were arrived at on the basis of unadjusted Conversion Price, the Company shall procure that such number of Ordinary Shares which would have been required to be issued on conversion of such Preference Shares if the relevant adjustment had been given effect to as at the date of conversion shall be allotted and issued to such Preference Shareholders or such other persons as they may direct.
- (c) Notwithstanding the provisions of paragraph (a) above, in any circumstances where the Directors shall consider that an adjustment to the Conversion Price provided for under the said provisions should not be made or should be calculated on a different basis or that an adjustment to the Conversion Price should be made notwithstanding that no such adjustment is required under the said provisions or that an adjustment should take effect on a different date or at a different time from that provided for under the provisions, the Company may appoint an Independent Financial Adviser, to consider whether for any reason whatever the adjustment to be made (or the absence of adjustment) would or might not fairly and appropriately reflect the relative interests of the persons affected thereby and, if the Independent Financial Adviser shall consider this to be the case, the adjustment shall be modified or nullified or an adjustment made instead of no adjustment in such manner including without limitation, making an adjustment calculated on a different basis and/or the adjustment shall take effect from such other date and/or time as shall be certified by the Independent Financial Adviser to be in its opinion appropriate.

---

## NOTICE OF SGM

---

- (d) Any adjustment to the Conversion Price shall be made to the nearest cent so that any amount under half a cent shall be rounded down and an amount of half a cent or more shall be rounded up and in no event shall any adjustment (otherwise than upon the consolidation of Ordinary Shares into shares of a larger nominal amount or upon a repurchase of Ordinary Shares) involve an increase in the Conversion Price.
- (e) No adjustment shall be made to the Conversion Price in any case in which the amount by which the same would be reduced in accordance with the foregoing provisions would be less than one cent.
- (f) Where the result of any act or transaction of the Company, having regard to the provisions of this Bye-law 9A(7), would be to reduce the Conversion Price to below the nominal amount of an Ordinary Share, no adjustment to the Conversion Price shall be made pursuant to any of the relevant provisions of this Bye-law 9A(7) unless (i) the Bye-Laws of the Company shall be in such form, or shall have been altered or added to in such manner, as may be necessary or appropriate to enable this paragraph (f) to be implemented, and (ii) implementation of such provisions is not prohibited by and is in compliance with the provisions of the Act.
- (g) Whenever the Conversion Price is adjusted, the Company shall give notice to the Preference Shareholders that the Conversion Price has been adjusted (setting forth the event giving rise to the adjustment, the Conversion Price in effect prior to such adjustment, the adjusted Conversion Price and the effective date thereof).

### **(8). Redemption**

The Preference Shares shall be non-redeemable by the Company or the holders thereof.

### **(9). Registration**

- (a) The Company shall maintain and keep a full and complete register (“**Register**”) as required by applicable laws for purposes of determining the Preference Shares in issue and the Preference Shareholders and recording any transfer, purchase, conversion and/or cancellation of the Preference Shares and the issue of any replacement certificate in respect of the Preference Shares in substitution for any mutilated, defaced, lost, stolen or destroyed certificate in respect of any Preference Shares and of sufficient identification details of all Preference Shareholders from time to time holding the Preference Shares.

---

## NOTICE OF SGM

---

- (b) As soon as practicable, and in any event not later than 5 Business Days after the Conversion Date, the Company will, register or procure that its agent to register the person or persons designated for the purpose in the Conversion Notice as holder(s) of the relevant number of Ordinary Shares in the Register and will mail (at the risk, and, if sent at the request of such person otherwise than by ordinary mail, at the expense, of the person to whom such certificate or certificates are sent) such certificate or certificates to the person and at the place specified in the Conversion Notice.
- (c) Preference Shares which are converted will be cancelled by removal of the holder's name from the Register on the relevant Registration Date (as defined in paragraph (e) below).
- (d) If the Registration Date in relation to any Preference Share shall be on or after a date with effect from which an adjustment to the Conversion Price takes retroactive effect pursuant to any of the provisions in this Bye-law and the relevant Registration Date falls on a date when the relevant adjustment has not yet been reflected in the then current Conversion Price, the Company will procure that the provisions of paragraph (b) above shall be applied *mutatis mutandis* to such number of Ordinary Shares as is equal to the excess of the number of Ordinary Shares which would have been required to be issued on conversion of such Preference Share if the relevant retroactive adjustment had been given effect as at the said Registration Date over the number of Ordinary Shares previously issued (or which the Company was previously bound to issue) pursuant to such conversion, and in such event and in respect of such number of Ordinary Shares references to the Conversion Date shall be deemed to refer to the date upon which such retroactive adjustment becomes effective (disregarding the fact that it becomes effective retroactively).
- (e) The person or persons specified for that purpose in the Conversion Notice will become the holder of record of the number of Ordinary Shares issuable upon conversion with effect from the date he is or they are registered as such in the Register (the "**Registration Date**"). Save as set out in this Bye-law 9A(9), a holder of Ordinary Shares issued on conversion of Preference Shares shall not be entitled to any rights the Record Date for which precedes the relevant Registration Date.

### (10). Undertakings

So long as any Preference Share remains capable of being converted into Ordinary Shares:

- (i) the Company will use all reasonable endeavors (1) to maintain a listing for all the issued Ordinary Shares on the Hong Kong Stock Exchange (or the Alternative Stock Exchange, as the case may be) and (2) to obtain and maintain a listing for any Ordinary Shares issued upon conversion of the Preference Shares on the Hong Kong Stock Exchange; and



---

## NOTICE OF SGM

---

- (ii) the Company shall pay all fees, capital and stamp duties payable in Hong Kong, if any, in respect of the issue of Ordinary Shares upon conversion of any Preference Shares.

### **(11). Taxation**

All payments by the Company to the holders of the Preference Shares shall be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of any Hong Kong or other taxation authority unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, subject to the Company having sufficient profits available for distribution, the Company shall pay such additional amounts as may be necessary in order that the net amounts received by the Preference Shareholders after such withholding or deduction shall equal the respective amounts which would have been receivable in respect of the relevant Preference Shares in the absence of such withholding or deduction, except that no such additional amounts shall be payable with respect to any Preference Shareholder:

- (a) who is liable to such taxes, duties, assessment or governmental charges in respect of such Preference Shares by reason of his or its having some connection with Hong Kong other than by virtue of his or its being a Preference Shareholder; or
- (b) receiving such payment in Hong Kong and who would be able to avoid such withholding or deduction by satisfying any statutory requirements or by making a declaration of non-residence or other similar claim for exemption to the Hong Kong tax authority but fails to do so.

### **(12). Payments**

- (a) Payment of all amounts in respect of the Preference Shares under the terms and conditions thereof shall be made on the due dates into such bank account as the holder of the relevant Preference Shareholder may notify the Company by at least 5 Business Days' prior notice in writing from time to time. All payments made by the Company in respect of the Preference Shares pursuant to the terms and conditions of this Bye-law 9A shall be made in Hong Kong dollars in immediately available funds.
- (b) If the due date for payment of any amount in respect of the Preference Shares is not a Business Day, the Preference Shareholder will be entitled to payment on the next following Business Day in the same manner together with interest accrued in respect of any such delay.

---

## NOTICE OF SGM

---

- (c) If at any time any payments (whether by way of distribution or on a return of capital or otherwise) which are required to be made pari passu as between the holders of the Preference Shares and Other Pari Passu Shares shall not be made in full, in determining the amounts payable to the Preference Shareholders such amounts shall be calculated in Hong Kong dollars (calculated based on the exchange rate quoted by The Hongkong and Shanghai Banking Corporation Limited for the purchase of Hong Kong dollars with HK dollars by telegraphic transfer at 5:00 p.m. on the day immediately preceding the date of the date of the relevant payment) on:
- (i) in the case of any distribution, the date on which such distribution is cleared.
  - (ii) in the case or a return of a capital, the date on which such return or capital shall become due; and
  - (iii) in the case of any other payment, the date on which such payment shall become due.
- (d) All payments or distributions with respect to Preference Shares held jointly by two or more persons shall be paid or made to whichever of such persons is named first in the Register and the making of any payment or distribution in accordance with this sub-paragraph shall discharge the liability of the Company in respect thereof.

### (13). Transfer

The Preference Shares (and each of them) may be assigned or transferred by the holder thereof without restriction, Provided That the holder thereof shall give prior written notice to the Company and (if applicable) the Hong Kong Stock Exchange where the assignee or transferee is a connected person of the Company (as defined in the Listing Rules). The Company shall facilitate any such assignment or transfer of the Preference Shares.”

### ORDINARY RESOLUTION

“**THAT**, subject to the passing of the resolution set out as Resolution No.1 in the notice convening this meeting as a special resolution of the Company,:

- (a) the subscription agreement entered into between the Company and Changhong (Hong Kong) Trading Limited dated 14 July 2009 (the “**Subscription Agreement**”) in relation to the subscription of 50,000,000 non-redeemable convertible cumulative preference shares (“**Subscription CP Shares**”) at an aggregate subscription price of HK\$15,000,000, a copy of which has been produced to the meeting and initialed by the chairman of the meeting for the purposes of identification, and the transactions contemplated thereby be and are hereby approved, confirmed and ratified;

---

## NOTICE OF SGM

---

- (b) conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the approval for the listing of and permission to deal in the shares in the capital of the Company issuable upon the exercise of the conversion rights attaching to the Subscription CP Shares in accordance with the Bye-laws of the Company (as amended in accordance with the special resolution above, and as may be further amended from time to time and for the time being in force), the allotment and issue of the Subscription CP Shares pursuant to the terms of the Subscription Agreement and of any shares in the capital of the Company which may fall to be issued upon the exercise of the conversion rights attaching to the Subscription CP Shares be and are hereby approved; and
- (c) any one or more directors of the Company be and are hereby authorised to allot and issue the Subscription CP Shares in accordance with the terms of the Subscription Agreement and any shares in the capital of the Company issuable upon the exercise of the conversion rights attaching to the Subscription CP Shares and to do all such further acts and things and execute such further documents and take all steps which, in his (or their) opinion may be necessary, desirable or expedient to implement and/or give effect to the terms of, and all transactions contemplated under, the Subscription Agreement for and on behalf of the Company and to approve any changes and amendments thereto as he (or they) may consider necessary, desirable or expedient.”

For and on behalf of  
**China Data Broadcasting Holdings Limited**  
**Yu Xiao**  
*Chairman*

Hong Kong, 4 August 2009

\* *for identification purpose only*

---

## NOTICE OF SGM

---

*Notes:*

- i Any member of the Company entitled to attend and vote at a meeting of the Company or a meeting of the holder of any class of shares in the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. Votes may be given either personally or by proxy. A proxy need not be a member of the Company. A member may appoint more than one proxy to attend on the same occasion.
- ii The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal, or under the hand of an officer or attorney duly authorised.
- iii To be valid, a form of proxy together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of that power or authority shall be deposited to the Company's Branch Registrars in Hong Kong, Hong Kong Registrars Limited of 46th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong and in any event not less than 48 hours before the time appointed for the holding of the meeting or adjourned meeting (as the case may be).
- iv Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting and in such event, the instrument appointing a proxy shall be deemed to be revoked.
- v The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.
- vi Attendants should bear their own travelling, accommodation and other expenses.

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

*This notice, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief (i) the information contained in this notice is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this notice misleading; and (iii) all opinions expressed in this notice have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

*This notice 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.*