



CHINA DATA BROADCASTING HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

First Quarter Report

2005

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

HIGHLIGHTS

The Group's consolidated turnover for the three month period ended 31 March 2005 was decreased approximately by 8.54 times to HK\$9.2 million, this due to fierce competition in the consumer electronic market, effect of dispute between Sichuan Changhong Electric Co. Ltd. and substantial shareholder (Apex Digital Inc.) of the Company and the macro-economic adjustment from the PRC government. So the Group's net profit was decreased approximately by 21.83 times to HK\$0.2 million.

RESULTS

The board of directors of China Data Broadcasting Holdings Limited (the "Company") is pleased to announce the unaudited results of the Company and its subsidiaries (collectively the "Group") for the three month period ended 31 March 2005, together with the comparative figures for the corresponding period of last year, as follows:

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Notes	2005 HK\$'000	2004 HK\$'000
TURNOVER	1	9,196	87,757
Cost of sales		<u>(8,331)</u>	<u>(82,019)</u>
Gross profit		865	5,738
Other revenue and gains		25	2
Administrative expenses		<u>(738)</u>	<u>(2,247)</u>
OPERATING PROFIT BEFORE TAX		152	3,493
Tax	2	<u>-</u>	<u>(23)</u>
PROFIT BEFORE MINORITY INTERESTS		152	3,470
Minority interests		<u>-</u>	<u>-</u>
NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		<u>152</u>	<u>3,470</u>
EARNINGS PER SHARE	3		
Basic		<u>0.048 cents</u>	<u>1.09 cents</u>
Diluted		<u>N/A</u>	<u>1.08 cents</u>

Notes:

1. TURNOVER

Turnover represents the invoiced value of goods sold and services rendered, net of value-added tax, business tax, and after allowances for goods returned and trade discounts.

2. Tax

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

No provision for Hong Kong profits tax has been provided since the Group has no assessable profit for the period ended 31 March 2005.

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

3. Earning per share

The calculation of basic earnings per share is based on the net profit attributable to shareholders for the period of HK\$152,000 (2004: HK\$3,470,000), and the weighted average of 318,000,000 (2004: 318,000,000) ordinary shares in issue during the period.

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

The calculation of diluted earnings per share for the three months ended 31 March 2004 is based on the net profit attributable to shareholders for the period of HK\$3,470,000. The weighted average number of ordinary shares used in the calculation is the 318,000,000 ordinary shares in issue during the period, as used in the basic earnings per share calculation; and the weighted average of 3,658,835 ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options during the period.

4. Reserves

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

DIVIDENDS

The directors do not recommend the payment of any dividend for the period ended 31 March 2005 (2004: Nil).

BUSINESS REVIEW

During the period, the Group engaged in sourcing and procurement business in the consumer electronic industry (the "Procurement Business"). The Group has achieved fair operating results for the three months ended 31 March 2005, the Group has accomplished a revenue of approximately HK\$9.2 million and a net profit of approximately HK\$0.2 million.

As regards the Procurement Business, the Group deployed more resources to secure transactions for the Procurement Business with independent manufacturers and customers and explore further business opportunities during the period. The turnover and contribution derived from the Procurement Business for the three months ended 31 March 2005 amounted to HK\$9.2 million and HK\$0.2 million. While the turnover and contribution derived from the Procurement Business for the corresponding period ended 31 March 2004 amounted to HK\$87.6 million and HK\$4.5 million.

As regards the data broadcasting business in the PRC, under the commercial consideration; the Group sold this business to third party in the end of year 2004, no turnover derived from the data broadcasting business for the period ended 31 March 2005, compared with the corresponding period ended 31 March 2004 amounted to HK\$0.1 million.

OUTLOOK

As regards the Procurement Business, the Board believes that the development of the Procurement Business in the consumer electronic industry is indeed an appropriate approach to building up a steady and considerable income stream of the Group. In addition, the management possess extensive experience and knowledge in the consumer electronic industry which is a vital and beneficial to further develop the existing Procurement Business and explore further business opportunities in the consumer electronic industry, such as trading of finished goods/parts and components of televisions, DVD players, digital cameras, game consoles and other products. The Group determines to put more resources to develop the Procurement Business and explore further business opportunities in the consumer electronic industry and is confident that the business will set back on the track as the uncertainty is cleared.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 31 March 2005, the interests and short positions of the Directors in the ordinary share of the Company (the "Share"), underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which are required (a) to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Division 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange were as follows:

Long positions in ordinary shares of the Company:

Name of director	Notes	Number of shares held, capacity and nature of interest			Total	Percentage of the Company's issued share capital
		Directly Beneficially owned	Through controlled corporation			
Mr. David Ji Long Fen ("Mr. Ji")	(a) & (b)	57,700,000	165,197,340	222,897,340	70.1	
Mr. Anle Hsu Ann Keh ("Mr. Hsu")	(a)	-	165,197,340	165,197,340	52.0	

Notes:

- (a) Apex Digital Inc., ("Apex Digital") is controlled by Mr. Ji and United Delta Inc. ("United Delta"), a private corporation incorporated in the USA and which is equally owned by Mr. Ji and Mr. Hsu. Accordingly, each of Mr. Hsu and Mr. Ji is deemed to be interested in the 165,197,340 shares owned by Apex Digital.
- (b) In addition to Mr. Ji's deemed interest in the 165,197,340 shares held by Apex Digital, Mr. Ji is interested in another 57,700,000 shares held by him directly, and is therefore interested in a total of 222,897,340 shares.

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 March 2005, the persons or companies (not being a Director or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly deemed to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group were as follows:

Long positions:

Name	<i>Notes</i>	Capacity and nature of interest	Number of the ordinary shares held	Percentage of Company's issued share capital %
Apex Digital	(a)	Directly beneficially owned	165,197,340	52.0
United Delta	(a)	Through a controlled corporation	165,197,340	52.0
Mr. Ji	(a) & (b)	Through a controlled corporation Directly beneficially owned	165,197,340 57,700,000	52.0 18.1
Mr. Hsu	(a)	Through a controlled corporation	165,197,340	52.0
Ms. Liu Ru Ying	(c)	Through spouse	222,897,340	70.1
Ms. Susan Chang	(d)	Through spouse	165,197,340	52.0
Mr. Xu Gao Hui		Directly beneficially owned	22,350,000	7.0

Notes:

- (a) Apex Digital is controlled by Mr. Ji and United Delta, a private corporation incorporated in the USA and which is equally owned by Mr. Ji and Mr. Hsu. Accordingly, each of Mr. Hsu and Mr. Ji is deemed to be interested in the 165,197,340 shares owned by Apex Digital.

- (b) In addition to Mr. Ji's deemed interest in the 165,197,340 shares held by Apex Digital, Mr. Ji is interested in another 57,700,000 shares held by him directly, and is therefore interested in a total of 222,897,340 shares.
- (c) 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 222,897,340 shares in which Mr. Ji is interested.
- (d) Ms. Susan Chang is the spouse of Mr. Hsu and, under Section 316 of the SFO, is therefore deemed to be interested in all 165,197,340 shares in which Mr. Hsu is interested.

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

COMPETING INTEREST

Apex Digital was founded by Mr. Ji and Mr. Hsu, the executive directors of the Company, and is controlled by Mr. Ji and United Delta, a private corporation incorporated in the USA and which is equally owned by Mr. Ji and Mr. Hsu. Apex Digital is principally engaged in the wholesaling business of consumer home electronics items under the name of "APEX Digital".

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

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standard of corporate governance practices. The Board considers such commitment essential in balancing the interest of shareholders, customers and employees; and in upholding accountability and transparency.

The Company has complied with the code provisions (the "Code") set out in the Code on Governance Report contained in Appendix 15 to the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (the "Rules") throughout the three months ended 31 March 2005, except for the following deviations :

(1) Board of directors

The Company has not complied with the requirement to appoint a sufficient number of independent non-executive director as set out in Rules 5.05 throughout the reporting period as all the independent non-executive directors resigned. The Company will search suitable candidate to fill the vacancies as practicable as possible.

(2) Chairman and chief executive officer

The Company has not complied with the requirement to appoint different individual to act as chairman and chief executive officer as set out in 2(c)(vii) and 2(d) of Appendix 16 in Corporate Governance Report (the "Report"). The Board considers that this structure will not impair the balance of power and authority between the Board and the Management of the Company. The Board believes that this arrangement is conducive to strong and consistent leadership, enabling the Company to make and implement decisions promptly and efficiently. The Board believes that the appointment of Mr. David Ji is beneficial to the business prospects of the Company.

(3) Remuneration and nomination committees

The Company has not complied with the requirement to establish remuneration committee and nomination committee as set out in Rules 18.28 and 18.29A throughout the reporting period. The Company will set up the committees as practicable as possible.

(4) Audit committee

The Company has not complied with the requirement as set out in the Rule 5.28 since all the independent non-executive directors resigned. The Company will search suitable candidate to fill the vacancies of the committee.

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTING SECURITIES

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

By Order of the Board
David Ji Long Fen
Chairman

Hong Kong, 28 December 2005

As at the date of this report, the executive directors of the Company are Mr. David Ji Long Fen, Mr. Ankle Hsu Ann Keh, and Ms. Alice Hsu Chu Yun. There is no independent non-executive director appointed at the date of this report.