



# CHINA DATA BROADCASTING HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code : 8016



# 10

FIRST QUARTERLY REPORT

**The Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) has 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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

*Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, 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 report.*

*This report, for which the directors of China Data Broadcasting Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this 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 2010 was increased approximately by 42.17% to HK\$582.12 million comparing with that for the same period in 2009, this was due to the efforts of the whole Group. The Group achieved a net profit of approximately HK\$7.03 million.

## RESULTS

The board of directors (the "Board") of 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 2010, together with the comparative figures for the corresponding period of last year, as follows:

## CONSOLIDATED INCOME STATEMENT

	<i>Notes</i>	<b>2010</b> <b>HK\$'000</b>	2009 HK\$'000
Turnover	1	<b>582,121</b>	409,468
Cost of sales		<b>(569,876)</b>	(397,910)
Gross profit		<b>12,245</b>	11,558
Other income		<b>18</b>	71
Distribution and selling expenses		<b>(1,291)</b>	(1,141)
Administrative expenses		<b>(2,723)</b>	(3,191)
Profit from operating		<b>8,249</b>	7,297
Finance cost		<b>(1,216)</b>	(2,188)
Profit before taxation		<b>7,033</b>	5,109
Taxation	2	<b>6</b>	6
Net profit after taxation		<b>7,027</b>	5,103
Profit per share	3		
Basic		<b>2.21 cents</b>	1.61 cents
Diluted		<b>n/a</b>	n/a

Notes:

**1. TURNOVER**

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

**2. TAX**

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

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong for the period ended 31 March 2010.

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

**3. PROFIT PER SHARE**

The calculation of basic profit per share is based on the net profits attributable to shareholders for the period of HK\$7,027,000 (2009: HK\$5,103,000), and the weighted average of 318,000,000 (2009: 318,000,000) ordinary shares in issue during the period.

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

**4. RESERVES**

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

## **5. CONTINGENT LIABILITIES**

On 12 June 2006, Koninklijke Philips Electronics N.V. and United States Philips Corporation issued a writ of summons to the United States District Court, Central District of California, against eight parties, including the Company, Apex Digital Inc. Limited and Apex Digital, LLC (subsidiaries of the Company), Mr. David Ji Long Fen ("Mr. Ji", an executive director of the Company), Mr. Anle Hsu Ann Keh (a former executive director of the Company), Apex Digital Inc. ("Apex Digital", a former substantial shareholder which is wholly-owned by Mr. Ji), United Delta Inc. (a former beneficial shareholder) and an individual (collectively known as the "Defendants"). The Defendants were claimed damages for patent infringement for the distribution of unlicensed DVD products within the United States of America.

On 2 August 2007, a settlement has been reached between the plaintiffs and the defendants and the proceedings were dismissed without prejudice. Pursuant to the terms of the settlement, Apex Digital is to pay a total amount of US\$3,284,000 to the plaintiffs by installments. Subsequently, the Group has signed an agreement with Apex Digital that Apex Digital has agreed to bear all the payments and any legal and professional fees incurred. Up to 31 March 2010, Apex Digital has paid the amount of US\$2,250,000.

## **DIVIDENDS**

The directors do not recommend the payment of any dividend for the period ended 31 March 2010 (2009: Nil).

## **AUDIT COMMITTEE**

The Audit Committee has reviewed the Group's results for the period ended 31 March 2010 and has provided advice and comments thereon.

## **BUSINESS REVIEW**

During the period, the Group engaged in trading business in the consumer electronic industry (the "Trading Business"). An improved operating results for the three months ended 31 March 2010 has achieved, the Group has accomplished a revenue of approximately HK\$582.12 million and a net profit of approximately HK\$7.03 million.

The Company raised a legal suit on 17 October 2008 at Shanghai in People's Republic of China ("PRC") against Apex Digital (Shanghai) Co., Limited (a subsidiary of Apex Digital) for the collection of the repayment of approximately HK\$6,640,000 which happened by the end of year 2006. On 17 April 2009, the suit had been trailed by the court ordering Apex Digital (Shanghai) Co., Limited repay the said amount. Also the Company tried various measures for the collection of the service deposit of approximately HK\$2,496,000 owed by Ms. Fei Liqiong (an American). The provision for the said repayment and service deposit were made in the accounts of year 2006 of the Company. Up to the date of this report, the collection of the repayment and the services deposit has not achieved any actual progress.

## **OUTLOOK**

As the economy of the world is recovered in progress from the financial crisis, the Company is confident that the Trading Business will build up a steady and considerable income stream of the Group. The management will put more efforts to explore further business opportunities in this industry, such as trading of finished goods/parts and components of televisions, set top boxes, fridges, notebooks and other products. The Board believes that the business will keep on the track and will continue to improve in the near future.

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY**

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

## **INTERESTS OF THE DIRECTORS IN THE COMPANY**

As at 31 March 2010, the interests and short positions of the Directors in the ordinary Shares of the Company (the "Shares"), underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange were as follows:

### **Long positions in Shares**

<b>Name of Director</b>	<b>Number of Shares</b>	<b>Capacity</b>	<b>Type of Interest</b>	<b>Approximate percentage of interest %</b>
Mr. Ji	44,520,000	Beneficial owner	Personal	14.00

Save as disclosed in this paragraph, as at 31 March 2010, none of the Directors had interests in any securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Companies relating to securities transactions by directors to be notified to the Company and the Stock Exchange.

## **DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

At no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate. No options have been granted to the directors up to the date of this report. Also the share option scheme was expired on 10 January 2010.

## **INTERESTS OF THE SUBSTANTIAL SHAREHOLDERS IN THE COMPANY**

As at 31 March 2010, the persons or companies (not being a Director or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly deemed to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group were as follows:

### **Long positions in Shares**

<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")	Directly beneficially owned	95,368,000	29.99
Sichuan Investment Management Company Limited	Directly beneficially owned	83,009,340	26.10
Mr. Ji	Directly beneficially owned	44,520,000	14.00
Ms. Liu Ru Ying (Note (a))	Through spouse	44,520,000	14.00

*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, as at 31 March 2010, the Directors were not aware of any other person who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or who was interested in 5% or more of the nominal value of any class of share capital, or options in respect of such capital, carrying rights to vote in all circumstances at general meetings of the Company.

## **COMPETING INTEREST**

Apex Digital is wholly owned by Mr. Ji from 10 April 2006. Apex Digital is principally engaged in the wholesaling business of consumer home electronics items under the name of "APEX Digital".

Changhong is a substantial shareholder of the Company which incorporated in the PRC and is listed in PRC Stock Exchange. Changhong is principally engaged in the wholesaling business of consumer home electronics items under the name of "Changhong".

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

## **COMPLIANCE WITH CODE OF BEST PRACTICE**

To the best knowledge of the Board, the Company had complied with the Code of Best Practice as set out in Appendix 15 of the GEM Listing Rules.

By Order of the Board  
**Yu Xiao**  
Chairman

Hong Kong, 11 May 2010

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