



**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)*

## **FIRST QUARTER REPORT 2001**

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*This announcement, 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 announcement 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 announcement misleading; and 3. all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

## **HIGHLIGHTS**

Pursuant to the agreements with the Shanghai and Shenzhen Stock Exchanges (“the Stock Exchanges”), the Group began to develop specific data broadcasting technology for the transmission and reception of data disseminated by the Stock Exchanges. The successful development of the technology will not only help the Group to secure a stable source of regular subscription income but also bring the Group to the leading position in this field of technology.

The Group has succeeded in the development of dynamic encryption system for broadcasting real time stock information, thereby allowing the transmission of data in greater security and reliability.

As at 31 March 2001, we had alliance with 198 TV network operators out of which we have signed cooperative agreements with 22 for the sharing of subscriptions derived from our data broadcasting service contents.

As a result of the dull stock market environment and fierce competition in the market, the Group’s turnover dropped by 40% down to HK\$2.5 million, which led to a loss for the Group of HK\$0.4 million for the period.

## QUARTERLY RESULTS (UNAUDITED)

The directors of China Data Broadcasting Holdings Limited (“the Company”) announce the unaudited results of the Group for the three months ended 31st March, 2001 with the comparative figures for the corresponding period in 2000.

	<i>Notes</i>	<b>For the three months ended 31st March,</b>	
		<b>2001</b>	<b>2000</b>
		<i>HK\$'000</i>	<i>HK\$'000</i>
TURNOVER	2	<u>2,509</u>	<u>4,212</u>
OPERATING (LOSS)/PROFIT BEFORE TAX		(299)	136
TAX	3	<u>—</u>	<u>—</u>
(LOSS)/PROFIT BEFORE MINORITY INTERESTS		(299)	136
Minority Interests		<u>(137)</u>	<u>(101)</u>
NET (LOSS)/PROFIT ATTRIBUTABLE TO SHAREHOLDERS		<u>(436)</u>	<u>35</u>
(Loss)/Earnings per share	4	<u>(0.14 cents)</u>	<u>0.01 cents</u>

*Notes:*

### 1. Group reorganisation and basis of preparation

The Company was incorporated in Bermuda on 22nd September, 1999 and remained inactive until 11th January, 2000 when the reorganisation (the “Reorganisation”) of the Group was completed and the Company became the holding company of the Group. The Reorganisation has been accounted for by the Company using the merger accounting method in accordance with Statement of Standard Accounting Practice No. 27 “Accounting for group reconstructions”.

### 2. Turnover

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

### 3. Tax

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the period under review.

Under the Income Tax law of the People's Republic of China ("PRC"), the Group's operation in PRC is subject to state income tax of 30% and local income tax of 3%. Pursuant to an approved document issued by Tianjin High-tech Industry Park State Tax Bureau, the Group is exempted from state income tax for the first two years of operation starting from the year when it first becomes profitable and thereafter, is entitled to a 50% relief from state income tax for the third to fifth years, inclusive. The Group is also exempted from local income tax for the first five years of operation, starting from the year when it first becomes profitable.

#### 4. (Loss)/earnings per share

The calculations of loss/earnings per share for the three months ended 31st March, 2001 were based on the loss attributable to shareholders of HK\$436,000 for the three months ended 31st March, 2001 (2000: profit of HK\$35,000) and on the 318,000,000 shares in issue for the three months ended 31st March, 2001 and on the weighted average of approximately 236,284,000 shares in issue for the three months ended 31st March, 2000. The number of shares for the three months ended 31st March, 2000 have been adjusted for the Company's Share Subdivision on 24th July, 2000.

## DIVIDENDS

The directors do not recommend the payment of any dividend for the periods under review (2000: Nil).

## BUSINESS REVIEW

The management firmly believes that research and development is crucial to the long-term success of the Group. During the period under review, the Group achieved the following:

- i. Succeeded in the development of dynamic encryption system for broadcasting real time stock information, thereby allowing the transmission of data in greater security and reliability.
- ii. Developed the more advanced data broadcasting transmission model V as well as the reception model VIII.
- iii. In order to further enhance its capability, the Group cooperated with Nexus, a reputable Swedish company, for the development of Conditional Access system. The first phase of work has been satisfactorily completed.

In addition to the above R&D activities, the Group continued in its customer-oriented services. By capitalizing on the support of TV network operators all over the PRC, the Group is actively developing a nationwide sales distribution network for its products. As at 31 March 2001, we had alliance with 198 TV network operators, which located all over the PRC. Out of the 198 TV network operators, we have also signed cooperative agreements with 22 for the sharing of subscriptions derived from our data broadcasting service contents.

Pursuant to the agreements with the Stock Exchanges, the Group began to develop specific data broadcasting technology for the transmission and reception of data disseminated by the Stock Exchanges. The successful development of the technology will not only help the Group to secure a stable source of regular subscription income but also bring the Group to the leading position in this field of technology.

The Group's result for the period was affected by the prevailing dull stock market environment and also the fierce competition in the market. The Group's turnover dropped by 40% down to HK\$2.5 million, which led to a loss for the Group of HK\$0.4 million for the period.

## **OUTLOOK**

Research and development is of utmost importance for the long-term development of the Group's business. The Group will continue to invest in performing projects; in particular, the research and development of new generation data broadcasting encrypted technology, the high-speed broadband data broadcasting system basing on the DVB-C technology and also the Group's first generation intelligent stock analysis application software.

By virtue of the agreements with the Stock Exchanges, the Group will continue to form alliance with TV network operators, thereby establishing a nationwide sales and distribution network all over the PRC for the maintenance and expansion of the Group's market share in the data broadcasting industry.

The management considers that the year 2001 will be a rather tough year for the Group's operations. The ever-changing technological development, the entry of new competitors and also the yet to be launched National Data Broadcasting Standard altogether have created an uncertain market with intense competition. However, the management is confident that relying on its foundation built, the Group will be able to secure its leading role in the data broadcasting industry.

## DIRECTORS' INTERESTS IN SHARE CAPITAL

As at 31st March, 2001, the interests of the directors and their associates in the share capital of the Company and the shares of its associated corporations as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") were as set out below:

Directors	Number of issued ordinary shares of HK\$0.025 each in the Company				Total Interests
	Personal Interests	Family Interests	Corporate Interests	Other Interests	
Mr. Dong Jian Xin	—	—	—	17,190,000(a)	17,190,000
Prof. Li Min Qiang	—	—	—	17,190,000(a)	17,190,000
Mr. Yao Xiao Dong	—	—	—	17,190,000(a)	17,190,000

Notes:

- a) These 17,190,000 shares, together with another 154,710,000 shares, are held by Ultra Challenge Limited ("Ultra Challenge"), the shares of which are in turn held by the HSBC International Trustee Limited on terms of a fixed trust. The beneficiaries of the trust include Mr. Dong Jian Xin, Prof. Li Min Qiang, Mr. Yao Xiao Dong. Accordingly, each of Mr. Dong Jian Xin, Prof. Li Min Qiang and Mr. Yao Xiao Dong is deemed to be interested in 17,190,000 shares by virtue of his 10% interest under the trust.
- b) Mr. Dong Jian Xin ceased to be a director of the Company on 24th April, 2001.

Save as disclosed above, none of the directors or their associates had any personal, family, corporate or other interests in the securities of the Company or any of its associated corporations as defined in the SDI Ordinance.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES

The Company has a share option scheme under which, the directors of the Company may, at their discretion, invite any employee of the Company or any of its subsidiaries, including any executive directors, to take up options to subscribe for shares in the Company. The maximum number of shares in respect of which options may be granted under the share option scheme may not exceed 10% of the issued share capital of the Company. No options had been granted to the directors during the period under review or outstanding as at 31st March, 2001.

Apart from the foregoing, at no time during the period under review was the Company or any of its subsidiaries a party to any arrangement to enable the Company's directors or their associates to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## SUBSTANTIAL SHAREHOLDERS

According to the register maintained by the Company pursuant to Section 16(1) of the SDI Ordinance as at 31st March, 2001, the following interests in the Shares were recorded:

Name	Number of shares held	%
Ultra Challenge Limited ( <i>note 1</i> )	171,900,000	54.06
HSBC International Trustee Limited ( <i>note 1</i> )	171,900,000	54.06
HSBC Holdings plc ( <i>note 2</i> )	171,900,000	54.06
HSBC Finance (Netherlands) ( <i>note 2</i> )	171,900,000	54.06
HSBC Holdings B.V. ( <i>note 2</i> )	171,900,000	54.06
HSBC Investment Bank Holdings B.V. ( <i>note 2</i> )	171,900,000	54.06

*Notes:*

- (1) The shares in Ultra Challenge Limited are held by HSBC International Trustee Limited on terms of a fixed trust. The beneficiaries of the trust are Mr. Dong Jian Xin, Professor Li Min Qiang, Mr. Yao Xiao Dong, Mr. Tang Bin, Mr. Wang Guangxin, Mr. Zhang Renli, Mr. Li Jiancheng, Ms. Yue Shishuang, Mr. Li Yongchao, Mr. Sun Lianwen, Mr. Ji Songqiao and Ms. Cai Zhipei. None of these beneficiaries had an effective interest amounting to 10% or more of the issued share capital of the Company.
- (2) HSBC Holdings plc, HSBC Finance (Netherlands), HSBC Holdings B.V. HSBC Investment Bank Holdings B.V. are holding companies of HSBC International Trustee Limited and they are therefore interested and/or deemed to be interested through HSBC International Trustee Limited.

Save as disclosed above, no person has notified the Company that it has an interest amounting to 10% or more of the issued share capital of the Company.

## COMPETING INTEREST

During the period under review, none of the directors or the substantial shareholders, management shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) had an interest in a business which competes or may compete with the business of the Group.

## **SPONSOR'S INTEREST**

As at 31st March, 2001, Pacific Top Holding Limited, a fellow subsidiary of the Company's sponsor Oriental Patron Asia Limited ("Oriental Patron") were interested in 8,100,000 shares of the Company. Save as disclosed herein, none of Oriental Patron, its directors, employees or associates as referred to in Note 3 to rule 6.35 of the GEM Listing Rules had any interest in the shares of the Company as at 31st March, 2001.

Pursuant to the agreement dated 27th September, 1999 entered into between the Company and Oriental Patron, Oriental Patron have received and will receive a fee of acting as the Company's retained sponsor for the period from 24th January, 2000 to 31st December, 2003.

## **PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED 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  
**Professor Kou Jisong**  
*Chairman*

Hong Kong, 14 May, 2001

*This announcement will remain on the GEM website on the "Latest Company Announcements" page for 7 days from the day of its posting.*

\* *For identification purposes only*