



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)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2003

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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.

* for identification only

HIGHLIGHTS

The Group's results for the year ended 31 December 2003 recorded a profit of HK\$1.3 million and its consolidated turnover for the year ended 31 December 2003 was increased by 62% to HK\$180.8 million, with the growth in the Procurement Business as detailed in Section headed "Business Review" below.

The Group's financial position is strong and its cash and bank balance (including pledged deposit) was approximately HK\$10.3 million as at 31 December 2003.

RESULTS

The board of directors of China Data Broadcasting Holdings Limited (the "Company") is pleased to announce the audited results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2003, together with the comparative figures for last year, as follows:

	<i>Notes</i>	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
TURNOVER	<i>1</i>	180,750	111,566
Cost of sales		<u>(171,509)</u>	<u>(111,018)</u>
Gross profit		9,241	548
Other revenue		246	278
Selling and distribution costs		–	(366)
Administrative expenses		(7,694)	(5,245)
Other operating income		<u>14</u>	<u>136</u>
OPERATING PROFIT/(LOSS) BEFORE TAX	<i>2</i>	1,807	(4,649)
Tax	<i>3</i>	<u>(44)</u>	<u>–</u>
PROFIT/(LOSS) BEFORE MINORITY INTERESTS		1,763	(4,649)
Minority interests		<u>(461)</u>	<u>643</u>
NET PROFIT/(LOSS) FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		<u>1,302</u>	<u>(4,006)</u>
EARNINGS/(LOSS) PER SHARE	<i>4</i>		
Basic		<u>0.41 cents</u>	<u>(1.26) cents</u>
Diluted		<u>0.40 cents</u>	<u>N/A</u>

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.

An analysis of turnover is as follows:

	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Sale of consumer electronic products and the related parts and components	179,715	108,681
Sale of data broadcasting hardware and software	388	1,514
Income from the provision of data broadcasting and related services	647	1,371
	<hr/>	<hr/>
	180,750	111,566
	<hr/>	<hr/>

2. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other business segments. Summary details of the business segments are as follows:

- (a) the trading of consumer electronic products and the related parts and components;
- (b) the manufacture and sale of the data broadcasting hardware and software; and
- (c) the provision of data broadcasting and related services.

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

No intersegment sales and transfers were transacted during the year (2002: Nil).

(a) **Business segments**

The following tables present revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's business segments.

Group

	Trading of consumer electronic products and the related parts and components		Manufacture and sale of data broadcasting hardware and software		Provision of data broadcasting and related services		Total	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Segment revenue:								
Sales to external customers	<u>179,715</u>	<u>108,681</u>	<u>388</u>	<u>1,514</u>	<u>647</u>	<u>1,371</u>	<u>180,750</u>	<u>111,566</u>
Segment results	<u>9,316</u>	<u>1,875</u>	<u>(118)</u>	<u>(1,246)</u>	<u>43</u>	<u>194</u>	<u>9,241</u>	<u>823</u>
Interest income and unallocated gains							246	278
Unallocated corporate expenses							<u>(7,680)</u>	<u>(5,750)</u>
Operating profit/(loss) before tax							1,807	(4,649)
Tax							<u>(44)</u>	<u>-</u>
Profit/(loss) before minority interests							1,763	(4,649)
Minority interests							<u>(461)</u>	<u>643</u>
Net profit/(loss) from ordinary activities attributable to shareholders							<u>1,302</u>	<u>(4,006)</u>
Segment assets	78,271	-	197	717	15	23	78,483	740
Unallocated assets	-	-	-	-	-	-	<u>11,401</u>	<u>27,026</u>
Total assets							<u>89,884</u>	<u>27,766</u>
Segment liabilities	66,242	-	40	36	240	185	66,522	221
Unallocated liabilities	-	-	-	-	-	-	<u>5,480</u>	<u>5,349</u>
Total liabilities							<u>72,002</u>	<u>5,570</u>
Other segment information:								
Amortisation of an intangible asset	-	-	110	110	-	-	110	110
Impairment of fixed assets	-	-	-	-	-	-	-	53
Depreciation	-	-	-	-	-	-	186	147
Provision for prepayments, deposits and other receivables	-	-	-	15	-	-	-	15
Write back of provision for doubtful debts	-	-	-	(290)	-	-	-	(290)
Write back of provision for slow-moving inventories	-	-	(47)	-	-	-	(47)	-
Capital expenditure	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,072</u>	<u>16</u>

(b) Geographical segments

The following tables present revenue and certain asset and expenditure information for the Group's geographical segments:

Group

	Hong Kong		Mainland China		United States of America		Total	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Segment revenue:								
Sales to external customers	<u>–</u>	<u>–</u>	<u>36,235</u>	<u>111,566</u>	<u>144,515</u>	<u>–</u>	<u>180,750</u>	<u>111,566</u>
Other segment information:								
Segment assets	88,126	27,026	1,758	740	–	–	89,884	27,766
Capital expenditure	<u>404</u>	<u>–</u>	<u>668</u>	<u>16</u>	<u>–</u>	<u>–</u>	<u>1,072</u>	<u>16</u>

3. Tax

Hong Kong profits tax has been provided at the rate of 17.5% on the estimated assessable profits arising in Hong Kong during the year.

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong in prior year.

Under the Income Tax Law of the PRC, the Company's subsidiary, Tianjin AVD Electron Co., Ltd. ("Tianjin AVD") is subject to state income tax of 24% and local income tax of 3%. Pursuant to an approval document issued by Tianjin High-tech Industry Park State Tax Bureau, Tianjin AVD is exempt from state income tax for the first two years of operation and thereafter, is entitled to a 50% relief from state income tax for the third to fifth years inclusive, starting from 2000 when it first became profitable in accordance with relevant accounting principles generally accepted in the PRC and the relevant Income Tax Law of the PRC. Tianjin AVD is also exempt from local income tax for the first five years of operation, starting from 2000 when it first became profitable.

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

4. Earnings/(Loss) per share

The calculation of basic earnings/(loss) per share is based on the net profit attributable to shareholders for the year of HK\$1,302,000 (2002: net loss of HK\$4,006,000), and the weighted average of 318,000,000 (2002: 318,000,000) ordinary shares in issue during the year.

The calculation of diluted earnings per share is based on the net profit attributable to shareholders for the year of HK\$1,302,000. The weighted average number of ordinary shares used in the calculation is the 318,000,000 ordinary shares in issue during the year, as used in the basic earnings per share calculation; and the weighted average of 5,929,549 ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options during the year.

Diluted loss per share amounts for the year ended 31 December 2002 has not been disclosed as no diluting events existed during that year.

5. Reserves

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

DIVIDENDS

The directors do not recommend the payment of any dividend for the year (2002: Nil).

BUSINESS REVIEW

During the year, the Group engaged in sourcing and procurement business in the consumer electronic industry (the “Procurement Business”) and the data broadcasting business in the PRC.

Having achieved considerable operating results from the Procurement Business in past year, the Group determined to deploy more resources to explore business opportunities in this aspect. Prior to new management team in place on 30 June 2003, the Group had no revenue generated from the Procurement Business as no renewal of agreement with the connected party was made after its expiry on 31 December 2002. With the new management’s extensive experience and knowledge in the consumer electronic industry, the Group secured transactions for the Procurement Business with independent manufacturers and customers. The turnover and contribution derived from the Procurement Business amounted to HK\$179.7 million and HK\$9.3 million, representing a growth of 65% and 397% compared with last year, respectively. The rapid growth in the Procurement Business enlarge income stream of the Group and hence, the Group recorded a profit in this year.

As regards the data broadcasting business in the PRC, the prolonged depression of the PRC stock market, the intense competition and the not-yet-released National Standard created uncertain market of data broadcasting business in the PRC. During the year, the Group adopted the prudent attitude towards the market demand and had scaled down certain of business activities such as launching and provision of certain new products and systems, signing co-operative agreements with TV network operations and content providers, etc. The turnover derived from the data broadcasting business for the year was decreased by 64% to HK\$1.0 million, compared with last year, which led to the operating loss in this business for the year.

LIQUIDITY AND FINANCIAL RESOURCES

The Group’s financial and liquidity positions are healthy and stable. As at 31 December 2003, the Group has no borrowings and its cash and bank balances (including pledged deposit) amount to HK\$10.3 million. The Group’s net current assets approximate to HK\$17.1 million and the Group does not have any charges on its assets. The management is confident that the Group’s financial resources are sufficient to finance the daily operation.

The Group’s monetary assets and liabilities and transactions are principally denominated in Hong Kong dollars, Renminbi and United States Dollars. As the exchange rate between Hong Kong dollars and United States dollars is pegged, together with the minimal fluctuation in the exchange rate between Hong Kong dollars and Renminbi, the Group believes its exposure to exchange risk is minimal.

EMPLOYMENT AND REMUNERATION POLICY

As at 31 December 2003, the total number of the Group's staff was approximately 30. The total staff costs, including directors' emoluments amounted to HK\$2.3 million for the year under review. The Group remunerates its employees based on their performance, experience and prevailing industry practice. The Group provides retirement benefit for its employees in Hong Kong in form of mandatory provident fund and provides similar schemes for its employees in the Mainland China.

The Group established a Share Options Scheme to reward its employees for their individual performance. For the year ended 31 December 2003, there was a total of 12,000,000 outstanding share options to its employees. During the year under review, no share option had been granted nor exercised.

CONTINGENT LIABILITIES

The Company's subsidiary, Tianjin AVD, was a defendant in a lawsuit brought by a supplier in 2001 claiming approximately HK\$99,000 together with an interest of approximately HK\$3,800. A judgement in relation to this lawsuit was firstly reached by the District Court in Tianjin on 11 December 2001 and was in favour of Tianjin AVD, and the aforesaid supplier filed an appeal against the judgement on 22 December 2001. On 25 February 2002, the Court of Appeal in Tianjin overturned the judgement made by the District Court. The case was then re-heard by the District Court on 26 November 2002 under the instructions of the Court of Appeal. On 24 March 2003, the District Court laid down a judgement in favour of Tianjin AVD under which the Group is not liable to any claim.

However, on 10 July 2003, the supplier made a further appeal to the People's Court of Tianjin. On the same date, the People's Court of Tianjin withdrew the previous judgement made by the District Court on 24 March 2003. In the opinion of the directors, the claim has no material impact to the Group and no provision in respect of the above claim has been made in these financial statements.

OUTLOOK

After the Group engaged in the Procurement Business in past years, 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 new management possess extensive experience and knowledge in the consumer electronic industry which is 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 consumer electronic products. The Board determine to put more resources to develop the Procurement Business and explore further business opportunities in the consumer electronic industry, and is confident that more revenue from the business relating to the consumer electronic products will be brought to the Group this year.

As regards the data broadcasting business in the PRC, the management conducted detailed review and realized that the Group indeed experiences the deteriorating market demand and encounters severe difficulties in the market, especially the fierce competitions, which is believed to persist in near future. Accordingly, the Board will continue to adopt the prudent attitude towards investing resources to develop products and its sale and after-sale network. Moreover, the Board may consider to take measures to extract the values of the data broadcasting business, not excluding the possible disposal, for the best interest of the Group.

COMPETING INTEREST

Apex Digital was founded by Mr. David Ji Long Fen (“Mr. Ji”) and Mr. Ancle Hsu Ann Keh, the executive directors of the Company, and is beneficially owned as to 65% by Mr. Ji and the remaining 35% by United Delta, 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 year.

COMPLIANCE WITH RULES 5.28 TO 5.39 OF THE GEM LISTING RULES

The Company had complied throughout the year under review the minimum standards of good practice concerning the general management responsibilities of the board of directors as set out in Rules 5.28 to 5.39 of the GEM Listing Rules.

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

During the year, 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, 26 March 2004