

CHINA DATACAST<08016> - Results Announcement (Final, 2005, Summary)

China Data Broadcasting Holdings Limited announced on 31/8/2006:
(stock code: 08016)

Year end date	:31/12/2005
Currency	:HKD
Auditors' report	:Qualified

Important Note :

This result announcement form only contains extracted information from and should be read in conjunction with the detailed results announcement of the issuer, which can be viewed on the GEM website at <http://www.hkgem.com>

	(Audited)	(Audited)
(Audited)		Current Last
Corresponding		Period
Period		from 01/01/2005
from 01/01/2004		to 31/12/2005
to 31/12/2004		\$'000
\$'000		
Turnover	:	28,927
578,032		
Profit/(Loss) from Operations	:	(9,012)
(316)		
Finance cost	:	(354)
N/A		
Share of Profit/(Loss) of Associates	:	N/A
N/A		
Share of Profit/(Loss) of Jointly		
Controlled Entites	:	N/A
N/A		

Profit/(Loss) after Taxation & MI	:	(9,350)
363		
% Change Over the Last Period	:	N/A
EPS / (LPS)		
Basic (in dollar)	:	(HKD 0.0294)
HKD 0.0011		
Diluted (in dollar)	:	N/A
HKD 0.0011		
Extraordinary (ETD) Gain/(Loss)	:	N/A
6,612		
Profit (Loss) after ETD Items	:	(9,350)
6,975		
Final Dividends per Share	:	NIL
NIL		
(specify if with other options)	:	N/A
N/A		
B/C Dates for Final Dividends	:	N/A
Payable Date	:	N/A
B/C Dates for (-) General Meeting	:	N/A
Other Distribution for Current Period	:	NIL
B/C Dates for Other Distribution	:	N/A
		(bdi: both days inclusive)

For and on behalf of
China Data Broadcasting Holdings Limited

Signature :
Name : Shum Shing Kei
Title : Company Secretary

Responsibility statement

The directors of the Company (the "Directors") as at the date hereof hereby collectively and individually accept full responsibility for the accuracy of the information contained in this results announcement form (the "Information") and confirm, having made all reasonable inquiries, that to the best of their knowledge and belief the Information are accurate and complete in all material respects and not misleading and that there are no other matters the omission of which would make the

Information herein inaccurate or misleading. The Directors acknowledge that the Stock Exchange has no responsibility whatsoever with regard to the Information and undertake to indemnify the Exchange against all liability incurred and all losses suffered by the Exchange in connection with or relating to the Information.

Remarks:

(1) Disclaimer of opinion

The auditors stated that they planned their audit so as to obtain all the information and explanations which they considered necessary in order to provide them with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement.

The auditors stated that the evidence available to them was limited as explained below.

(a) Inventories

Included in the inventories of HKD22,180,000 are defective goods at cost of HKD22,071,000. These defective goods were shipped to the supplier of these goods and are repaired by the supplier free of charge.

The auditors stated that they were unable to obtain sufficient evidence to justify whether the defective goods can be sold at amounts higher than their cost. Accordingly, they were unable to determine whether any write down to net realizable value should be made against these defective inventories.

(b) Professional fee and service deposits paid

(i) The Group had paid a deposit of HKD3,900,000 to Ms. Fei

Ms. Fei Liqiong ("Ms. Fei") pursuant to an agreement. Ms. Fei had utilized part of the deposit to set off against a professional fee of HKD1,404,000 paid by her on behalf of the Company. The outstanding balance of the deposit was HKD2,496,000 as at 31 December 2005.

The auditors stated that they were unable to obtain sufficient evidence to justify its validity of the professional fee and the deposit. As a result, they were unable to satisfy its properly recognition and disclosure.

In addition, the balance of HKD2,496,000 has not been used for any service fee and has not been refunded to the Group up to the date of this report. The auditors stated that they were unable to obtain sufficient evidence to determine the recoverability of the balance of deposit.

(ii) The Group had a service deposit paid to Naturestar

Bio-Tech Inc. of HKD3,120,000 as at 31 December 2005.

The auditors stated that they were unable to obtain sufficient evidence to justify its validity of the deposit paid. As a result, they were unable to satisfy its properly recognition and disclosure.

(c) Amount due from, and administrative and product development expenses charged by a fellow subsidiary
During the year ended 31 December 2005, the Group advanced a total amount of HKD2,341,000 to a fellow subsidiary, Apex Digital (Shanghai) Co., Ltd. ("Apex (Shanghai)"). Part of the advance was utilized by Apex (Shanghai) to offset against the administrative and product development expenses of HKD717,000 charged by Apex (Shanghai) to the Group. The amount due from the fellow subsidiary was HKD1,624,000 as at 31 December 2005.

In relation to the expenses of HKD717,000 charged by Apex (Shanghai), the auditors stated that they were unable to obtain sufficient evidence to substantiate its validity. As a result, they were unable to satisfy its properly recognition and disclosure.

In addition, the outstanding balance of HKD1,624,000 due from the fellow subsidiary has not been settled up to the date of this report. The auditors stated that they were unable to obtain sufficient evidence to determine the recoverability of the balance.

(d) Contingent liabilities

(i) The Group has contingent liabilities of HKD23.5 million as at 31 December 2005 relating to a claim by the holding company of the Group, Apex Digital Inc. ("ADI"), for certain freight charges paid by ADI on behalf of

the Group to a customer. As the Group has dispute over this freight charges, the auditors were unable to obtain sufficient evidence to ascertain whether the contingent liabilities of freight charge should be recognized as an expense for the year ended 31 December 2005. Consequently, they were unable to satisfy the proper disclosure of these liabilities and the completeness of expenses for the year ended 31 December 2005 and the amount due to the holding company as at 31 December 2005.

(ii) The Group and the Company have contingent liabilities relating to a claim for patent infringement. As the amount of damages claimed was not stated in the writ, the auditors were unable to obtain sufficient evidence to determine the extent and possibility of the claim against the Group and the Company. As a result, the auditors were unable to satisfy the proper disclosure of the contingent liabilities and the completeness of expenses for the year ended 31 December 2005 and related liabilities as at 31 December 2005.

(e) Amount due from a subsidiary
The Company has an amount due from a subsidiary with net carrying amount of HKD16,205,000 as at 31 December 2005. Due to the limitation of scope in respect of the matters, the auditors were unable to satisfy whether any further

auditors were unable to ascertain whether any further impairment should be made against the carrying amount of the amount due from a subsidiary for the year ended 31 December 2005, and consequently whether the carrying amount as at 31 December 2005 is fairly stated.

(f) Going concern

The financial statements have been prepared on a going concern basis. The Group and the Company have net current assets and shareholders' funds as at the balance sheet date. However, as a result of the limitations as set out above, adjustment might be required to reduce the value of assets to their recoverable amounts and to provide for any further liabilities.

In addition, ADI and Mr. David Ji Long Fen pledged their entire shareholdings in the Company which represented 70.08% of the issued shares of the Company ("Controlling Shares") to an independent third party, as a security to secure certain trade receivables due from ADI to that party. Any changes in the registered holders of the Controlling Shares may result in a change in the composition of the board of the directors of the Company and the future direction of the business and financial operations of the Group and the Company.

Any adjustment or changes relating to the above matters may affect the Group's and the Company's ability to continue to operate as going concern. The auditors were unable to carry

out alternative procedures to satisfy themselves as to the matters set out above.

Any adjustments that might have been found to be necessary in respect of the matters set out in points (a) to (d) above, would have a significant consequential effect on the net assets of the Group as at 31 December 2005, the Group's net results and cash flows for the year then ended and the related disclosures in the financial statements.

Any adjustments that might have been found to be necessary in respect of professional fee, contingent liabilities and an amount due from a subsidiary as set out in points (b(i)), (d(ii)) and (e) above, would have a significant consequential effect on the net assets of the Company as at 31 December 2005, the Company's net results for the year then ended and the related disclosures in the financial statements.

In respect alone of the limitations on their work as stated above, the auditors expressed an opinion that they are unable to form an opinion as to whether the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2005 and of the Group's results and cash flows for the year then ended and as to whether the financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

(2) Basis of preparation

The financial statements have been prepared in accordance with

accordance

with Hong Kong Financial Reporting Standards (which also include Statements of Standards Accounting Practice and Interpretations (" SSAP ")) issued by the Hong Kong Institute of Certified Public Accountants (" HKICPA "), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance.

They have been prepared under the historical cost convention.

(3) Turnover

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

(4) Taxation

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 legislation, interpretations and practices in respect thereof.

No provision for Hong Kong profits tax is required since the

Group has no assessable profit for the year (2004 : Nil).

(5) (Loss)/Earnings per share

The calculation of basic (loss)/ earnings per share is based on the net loss attributable to shareholders for the year of approximately HKD9,350,000 (2004 : net profit of HKD363,000), and the weighted average of 318,000,000 (2004 : 318,000,000) ordinary shares in issue during the year.

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

The calculation of diluted earnings per share for the year 2004 is based on the net profit attributable to shareholders of approximately HKD363,000. 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 1,020,619 ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options during the year.

(6) Audit committee

As at the date of this announcement, there is no independent non-executive director appointed .