

FIRST
QUARTERLY
REPORT
2012



CHINA DATA BROADCASTING
HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)
Stock Code : 8016

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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 GEM of the Stock Exchange (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 2012 was increased approximately by 24.03% to HK\$526.34 million comparing with that for the same period in 2011, this was due to continuous effort of the management in the fierce competitive industry. The Group recorded net losses of approximately HK\$494,000, Directors believe that the first quarterly results was the normal fluctuation of the business operations of the Group.

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 2012, together with the comparative figures for the corresponding period of last year, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three month period ended 31 March 2012

	Notes	2012 HK\$'000	2011 HK\$'000
Turnover	2	526,340	424,362
Cost of sales		<u>(518,666)</u>	<u>(418,593)</u>
Gross profit		7,674	5,769
Other income		73	66
Distribution and selling expenses		<u>(1,926)</u>	<u>(1,291)</u>
Administrative expenses		<u>(5,468)</u>	<u>(3,704)</u>
Profit from operation		353	840
Finance costs		<u>(847)</u>	<u>(920)</u>
(Losses) before taxation		<u>(494)</u>	<u>(80)</u>
Income tax expense	3	<u>-</u>	<u>-</u>
(Losses) and total comprehensive income for the period attributed to owners of the Company		<u><u>(494)</u></u>	<u><u>(80)</u></u>
Losses per share Basic and diluted	4	<u><u>0.148 cents</u></u>	<u><u>0.025 cents</u></u>

Notes:

1. BASIS OF PREPARATION

The unaudited quarterly financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), and accounting principles generally accepted in Hong Kong. In addition, these financial statements include applicable disclosures required by the GEM Listing Rules and the Hong Kong Companies Ordinance.

2. TURNOVER

Turnover represents the invoiced value of goods sold, net of discounts and sales related taxes.

3. INCOME TAX EXPENSE

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 2012.

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

4. LOSSES PER SHARE

The calculation of basic losses per share is based on the net losses attributable to shareholders for the period of HK\$494,000 (2011: HK\$80,000), and the weighted average of 334,000,000 (2011: 318,000,000) ordinary shares in issue during the period.

As there were no diluted potential shares during the two periods ended 31 March 2012 and 2011, the diluted losses per share was the same as basic losses per share.

5. RESERVES

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

6. 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 2012, Apex Digital has paid the amount of US\$2,300,000.

DIVIDENDS

The directors do not recommend the payment of any dividend for the period ended 31 March 2012 (2011: Nil).

AUDIT COMMITTEE

The Audit Committee has reviewed the Group's results for the period ended 31 March 2012 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"). A fair operating results for the three months ended 31 March 2012 has achieved, the Group has accomplished a revenue of approximately HK\$526.34 million and a net losses of approximately HK\$494,000.

On 28 March 2012, the Company has entered into an acquisition agreement with a vendor to purchase a British Virgin Islands company. Details of the acquisition was available on the website of the Stock Exchange and the Company which was published on 23 April 2012.

OUTLOOK

As the Company has established stable clientele bases of suppliers and customers, and the financial position of the Group are continuously improving, the Company is confident that the Trading Business in the consumer electronic industry will build up a steady and considerable income stream for the Group. The management will put more efforts to explore further business opportunities in related industries and will look for suitable investment opportunities in an active but cautious manner to broaden the Group's business. The Board believes that the business will keep on the track and will continue to improve in the near future. The Group's commitment is to create value for shareholders.

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 2012, 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

Name of Director	Number of Shares	Capacity	Type of Interest	Approximate percentage of interest %
Mr. Ji	22,260,000	Beneficial owner	Personal	6.67

Notes:

- (a) On 20/1/2012, Mr. Ji sold 22,260,000 shares to Mr. Yu Shaobo, therefore his interest decreased to 6.67%.

Save as disclosed in this paragraph, as at 31 March 2012, 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.

INTERESTS OF THE SUBSTANTIAL SHAREHOLDERS IN THE COMPANY

As at 31 March 2012, 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

Name of substantial shareholder	Capacity	Number of Shares	Approximate percentage of interest %
Sichuan Changhong Electric Co., Limited ("Changhong") and its subsidiary	Directly beneficially owned	111,368,000	33.34
Sichuan Investment Management Company Limited	Directly beneficially owned	83,009,340	24.85
Mr. Ji (Note (a))	Directly beneficially owned	22,260,000	6.67
Ms. Liu Ru Ying (Note (b))	Through spouse	22,260,000	6.67
Mr. Yu Shaobo	Directly beneficially owned	22,260,000	6.67

Notes:

- (a) On 20/1/2012, Mr. Ji sold 22,260,000 shares to Mr. Yu Shaobo, therefore his interest decreased to 6.67%.
- (b) 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 22,260,000 shares in which Mr. Ji is interested.

Save as disclosed in this paragraph, as at 31 March 2012, 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, 27 April 2012

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. Rong Dong 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.