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**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)

(Stock Code: 8016)

- (1) CONNECTED TRANSACTION RELATING TO
THE SUBSCRIPTION FOR NEW SHARES;
(2) APPLICATION FOR WHITEWASH WAIVER;
(3) APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER; AND
(4) RESUMPTION OF TRADING IN THE SHARES OF THE COMPANY**

Financial Adviser to the Company



招商證券(香港)有限公司
CHINA MERCHANTS SECURITIES (HK) CO., LTD.

THE SUBSCRIPTION

On 25 January 2011, the Subscriber entered into the Subscription Agreement with the Company pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue a total of 16,000,000 Subscription Shares at the price of HK\$0.50 per Subscription Share. The Subscription Shares represent approximately 5.03% of the issued share capital of the Company as at the date of the Subscription Agreement and, assuming that there is no change in the issued share capital of the Company other than the issue of the Subscription Shares since the date of the Subscription Agreement up to Completion, approximately 4.79% of the issued share capital of the Company as enlarged by the Subscription.

LISTING RULES IMPLICATIONS

Since the Subscriber is a wholly-owned subsidiary of Changhong, which in turn is a substantial shareholder of the Company, the Subscriber is a connected person of the Company. Accordingly, the Subscription constitutes a connected transaction for the Company under Chapter 20 of the GEM Listing Rules. As one of the relevant percentage ratios calculated pursuant to Rule 19.07 of the GEM Listing Rules in respect of the Subscription exceeds 5%, the Subscription is subject to the Independent Shareholders' approval by way of poll at the SGM pursuant to Chapter 20 of the GEM Listing Rules.

Changhong, through the Subscriber, has a material interest in the Subscription. Accordingly, Changhong and its associates will abstain from voting at the SGM in respect of the resolution approving the Subscription and the issue of the Subscription Shares. The Directors have confirmed that so far as they are aware, save for Changhong, no other Shareholder is interested in the Subscription.

TAKEOVERS CODE IMPLICATIONS

As at the date of the Subscription Agreement, Changhong held 95,368,000 Shares, representing approximately 29.99% of the voting rights of the Company. Changhong and parties acting in concert or presumed to be acting in concert with it were interested in approximately 56.09% of the voting rights of the Company in aggregate as at the date of the Subscription Agreement. Upon Completion, 16,000,000 Subscription Shares will be issued to the Subscriber, a wholly-owned subsidiary of Changhong. Thus, the interest of Changhong in the voting rights of the Company will be increased from approximately 29.99% to approximately 33.34% (assuming that no additional Shares other than the Subscription Shares will be issued since the date of the Subscription Agreement up to Completion). Accordingly, Changhong in the absence of the Whitewash Waiver, would be obliged to make a mandatory general offer under Rule 26 of the Takeovers Code for all the securities of the Company not already owned or agreed to be acquired by it.

An application to the Executive for the Whitewash Waiver will be made. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval of the Independent Shareholders at the SGM by way of poll. Changhong and parties acting or presumed to be acting in concert with it (including Sichuan Investment Management Company Limited), their respective associates and those involved or interested in the Subscription and the Whitewash Waiver shall abstain from voting at the SGM in respect of the resolution approving the Whitewash Waiver.

GENERAL

Pursuant to Rule 17.47(6) of the GEM Listing Rules, the Independent Board Committee comprising all the independent non-executive Directors has been established by the Company to advise the Independent Shareholders on the terms of the Subscription Agreement and the transactions contemplated thereunder. Pursuant to Rule 2.1 of the Takeovers Code, the Independent Board Committee comprising all the non-executive Directors has been established by the Company to advise the Independent Shareholders on the terms of the Whitewash Waiver.

None of the members of the Independent Board Committee has any interest or involvement in the transactions contemplated under the Subscription Agreement or the Whitewash Waiver. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder as well as the Whitewash Waiver. Such appointment has been approved by the Independent Board Committee.

EXPECTED DATE OF DESPATCH OF THE CIRCULAR AND APPLICATION FOR WAIVER FROM STRICT COMPLIANCE WITH RULE 8.2 OF THE TAKEOVERS CODE

Pursuant to Rule 20.56(10) of the GEM Listing Rules, in the event the expected date of despatch of a circular in respect of the connected transaction of the Company is more than 15 business days after the publication of the announcement (i.e. after 21 February 2011), the Company is required to explain the reason for such delay. Moreover, pursuant to Rule 8.2 of the Takeovers Code, a circular in respect of the Whitewash Waiver is required to be despatched to the Shareholders within 21 days of the date of this announcement, i.e. being not later than 17 February 2011.

Giving that each of the Subscription Agreement and the Whitewash Waiver requires the approval by the Independent Shareholders at the SGM, it is the intention of the Board that the abovementioned two circulars be combined in a single Circular which will be issued addressing the relevant requirements of the Listing Rules and the Takeovers Code.

The Company expects to publish the Audited 2010 Results by 31 March 2011. It is the intention of the Board to include the Audited 2010 Results in the Circular, so that more updated financial information on the Group will be set out therein. In addition, additional time is required for the preparation of, among other things, the statement of the unaudited proforma consolidated net tangible asset value of the Group as a result of Completion, which is to be included in the Circular. Thus, the despatch of the Circular will be delayed. The Company will apply to the SFC for a waiver from strict compliance with Rule 8.2 of the Takeovers Code to the extent that the latest date for despatch of the Circular is not later than 15 April 2011.

The Circular will contain, among other things, (i) further details of the Subscription Agreement; (ii) further details of the Whitewash Waiver; (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder as well as the Whitewash Waiver; (iv) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Subscription Agreement and the transactions contemplated thereunder as well as the Whitewash Waiver; (v) the statement of the unaudited proforma consolidated net tangible asset value of the Group as a result of Completion; (vi) a notice of the SGM; and (vii) other information as required under the Listing Rules and the Takeovers Code.

RESUMPTION OF TRADING IN THE SHARES

The trading in the Shares on the GEM has been suspended with effect from 9:30 a.m. on Wednesday, 26 January 2011. The Company has made an application to the Stock Exchange for the resumption of trading in the Shares on the GEM with effect from 9:30 a.m. on Friday, 28 January 2011.

Shareholders and potential investors should note that the Subscription, which is subject to a number of conditions precedent, may or may not proceed to completion. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

THE SUBSCRIPTION AGREEMENT

Date:

25 January 2011

Parties:

- (i) the Subscriber, a company incorporated in Hong Kong, and a wholly-owned subsidiary of Changhong. As at the date of the this announcement, Changhong held 95,368,000 Shares, representing approximately 29.99% of the issued share capital of the Company; and
- (ii) the Company.

The Subscription Shares:

Pursuant to the Subscription Agreement, the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue a total of 16,000,000 Subscription Shares. As at the date of the Subscription Agreement, there were 318,000,000 Shares in issue and the Subscription Shares represent approximately 5.03% of the issued share capital of the Company as at the date of the Subscription Agreement and, assuming that there is no change in the issued share capital of the Company other than the issue of the Subscription Shares since the date of the Subscription Agreement up to Completion, approximately 4.79% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares.

Subscription Price:

The Subscription Price for the Subscription Shares is HK\$0.50 per Subscription Share. The Subscription Price represents:

- (i) a discount of approximately 62.41% to the closing price of HK\$1.33 per Share as quoted on the GEM on the Last Trading Day;
- (ii) a discount of approximately 62.41% to the average closing price of approximately HK\$1.33 per Share as quoted on the GEM for the five trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 62.12% to the average closing price of approximately HK\$1.32 per Share as quoted on the GEM for the last 10 trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 63.24% to the average closing price of approximately HK\$1.36 per Share as quoted on the GEM for the last 30 trading days up to and including the Last Trading Day;
- (v) a premium of approximately 481.4% over and above the Group's unaudited consolidated net asset value attributable to the Shareholders per Share as at 30 June 2010 of approximately HK\$0.086 (based on a total of 318,000,000 Shares as at the date of this announcement and the Group's unaudited consolidated net asset value attributable to the Shareholders of approximately HK\$27,251,000 as at 30 June 2010); and
- (vi) a premium of approximately 1,036.4% over and above the Group's audited consolidated net asset value attributable to the Shareholders per Share as at 31 December 2009 of approximately HK\$0.044 (based on a total of 318,000,000 Shares as at the date of this announcement and the Group's audited consolidated net asset value attributable to the Shareholders of approximately HK\$14,064,000 as at 31 December 2009).

The Subscription Price was determined after arm's length negotiations between the Company and the Subscriber with reference to, among other factors, the financial position of the Group, the historical trading volume of the Shares on the GEM and the recent trading prices of the Shares on the GEM. The total consideration for the Subscription Shares in the sum of HK\$8,000,000 will be financed by internal resources available to the Subscriber.

Rankings:

The Subscription Shares, when issued and fully paid, will rank pari passu in all respects among themselves and with all the Shares in issue at the date of allotment and issue of the Subscription Shares, including the right to any dividends or distributions made or declared on or after the date of allotment and issue of the Subscription Shares.

Conditions of the Subscription:

Completion of the Subscription is conditional upon:

- (i) the Listing Committee of the Stock Exchange having granted or agreeing to grant the listing approval in respect of, and permission to deal in, the Subscription Shares;
- (ii) the Executive having granted the Whitewash Waiver;
- (iii) the passing of a resolution by the Independent Shareholders at the SGM approving the Subscription Agreement and the transactions contemplated thereunder, including the allotment and issue of the Subscription Shares to the Subscriber pursuant to the Subscription Agreement; and
- (iv) the passing of a resolution by the Independent Shareholders at the SGM approving the Whitewash Waiver

None of the Conditions can be waived by either party. In the event that not all the Conditions have been fulfilled by 30 June 2011, the Subscription Agreement will be automatically terminated and be of no further effect, and the parties shall be released from all obligations under the Subscription Agreement and neither party shall have any claim against the other for any costs or losses save in respect of any antecedent breaches of the Subscription Agreement

Completion:

Subject to fulfillment of all the Conditions, Completion shall take place on the Completion Date.

EFFECT OF THE SUBSCRIPTION

The shareholdings in the Company as at the date of this announcement and immediately after Completion (assuming that there is no change in the issued share capital of the Company other than the issue of the Subscription Shares since the date of the Subscription Agreement up to Completion) are summarised as follows:

Shareholder	Number of Shares held as at the date of this announcement	Approximate Percentage	Number of Shares held immediately after Completion	Approximate Percentage
Changhong	95,368,000	29.99%	95,368,000	28.55%
The Subscriber	—	—	16,000,000	4.79%
<i>Changhong and its subsidiaries</i>	<i>95,368,000</i>	<i>29.99%</i>	<i>111,368,000</i>	<i>33.34%</i>
Sichuan Investment Management Company Limited	83,009,340	26.10%	83,009,340	24.85%
<i>Changhong and parties acting or presumed to be acting in concert with it</i>	<i>178,377,340</i>	<i>56.09%</i>	<i>194,377,340</i>	<i>58.19%</i>
Mr. David Ji Long Fen, a Director	44,520,000	14.00%	44,520,000	13.33%
Public Shareholders	95,102,660	29.91%	95,102,600	28.48%
Total	318,000,000	100%	334,000,000	100%

INFORMATION ON THE SUBSCRIBER AND THE GROUP

The Subscriber is an investment holding company and a wholly-owned subsidiary of Changhong. Changhong is a company incorporated in the PRC with limited liability and the issued A-shares of which (stock code: 600839.SH) are listed on Shanghai Stock Exchange. Changhong and its subsidiaries are principally engaged in the research and development, manufacture and sales of a variety of consumer electronics products in the PRC and overseas countries.

The Company is an investment holding company. The Group is principally engaged in the trading business in the consumer electronics industry.

INTENTION OF CHANGHONG REGARDING THE GROUP

Upon Completion, Changhong will become the controlling shareholder of the Company. Changhong intends to continue the principal businesses of the Group after Completion and will maintain the listing status of the Company on the GEM following Completion. Meanwhile, Changhong will conduct a review on the business operations and financial position of the Group for the purpose of formulating business plans and strategies for the future business development of the Group. Subject to the results of the review and should suitable investment or business opportunities arise, Changhong may consider diversifying the business of the Group with the objectives to broaden its income source and to achieve accretion in the return to the Shareholders. However, none of Changhong and its subsidiaries had entered into any agreement or fixed any terms with the Group as at the date of this announcement in relation to any possible diversification of the Group's businesses. Changhong has no intention to re-deploy the employees or the fixed assets of the Group after Completion other than in its ordinary and usual course of business. Changhong and the Company will comply with the relevant requirements under the Listing Rules and the Takeovers Code in the event any possible diversification of the Group's business operations materializes after Completion.

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

It is the intention of the Company to apply all of the net proceeds from the Subscription as general working capital of the Group.

Set out below are certain information on the Group's current assets and current liabilities:

	As at 31 December 2009 (Audited) (In approximate HK\$'000)	As at 30 June 2010 (Unaudited) (In approximate HK\$'000)
Cash and bank balance (including pledged deposits)	105,446	73,513
Loan advanced from a related company	62,000	155,000
Amount due to a substantial shareholder	10,716	193,569
Current liabilities	474,669	449,763

Based on the unaudited consolidated balance sheet of the Group as at 30 June 2010, the aggregate balance of the cash and bank balances of the Group (including pledged deposits) decreased by approximately 30.3% as compared with the corresponding amount as at 31 December 2009. The Directors believe that it is necessary for the Group to increase its cash and bank balances, so that the Group will be able to meet its ongoing working capital requirements.

Apart from the Subscription, the Board has considered various other means of fund raising, including debt financing, placement of new Shares to independent investors and rights issue (or open offer) as described below:

(i) Debt financing

The Company has resumed the trading in its shares since 30 October 2009 from a long period of suspension and taking into account the current trading and business operations of the Group, it will be not practicable for the Group to arrange for any bank loans from local banks with terms and amounts which are commercially acceptable to the Group without any guaranties or pledges. In addition, even if the additional bank loans were made available, additional finance charges would be incurred, particularly under the situation where there is an increase in the interest rates during the tenure of the bank loans.

(ii) Placement of new Shares in Hong Kong to independent investors

Regarding the viability of other means of equity financing, the Directors advised that, given the trading volume of the Shares has been very low since the resumption of trading in the Shares on the GEM on 30 October 2009, the Company has encountered difficulties in finding a commercial placing agent in Hong Kong for a placement of new Shares.

(iii) Rights issue or open offer

The Directors note that a rights issue or an open offer of the Company will give an opportunity to all Shareholders to participate in the subscription for new Shares to be issued by the Company. Pursuant to Chapter 10 of the GEM Listing Rules, a rights issue or an open offer of a listed issuer on the GEM may not require underwriting. However, the Directors consider that, in the absence of a underwriter, the Company would have difficulties to complete a rights issue or an open offer, given that certain public Shareholders may not be interested to participate in a rights issue or an open offer, taking into account the trading volume of the Shares has been very low since the resumption of trading in the Shares on the GEM on 30 October 2009. On the other hand, the Company has encountered difficulties in finding an independent underwriter in Hong Kong which is interested to underwrite a rights issue or open offer of the Company.

Overall, the Subscription will strengthen the capital base and financial position of the Group, and would enable the Company to raise funds in a timely manner. In light of the above, the Directors are of the view that it is in the interests of the Group and the Independent Shareholders as a whole to raise funds by the Subscription. In addition, a large part of the Group's general working capital is borrowed from the Changhong, which recently intended to reduce the lending amount to the Group. If this is the case, the Group may face a tightening in its available working capital. As the Subscription Price represents a significant premium over and above the Group's net asset value attributable to the Shareholders, the Directors consider that it is in the interests of the Company increase its share capital as such might reduce the Group's reliance on borrowings. The Directors also considers that the Subscription will enlarge the capital base of the Company and will reduce the gearing level of the Group thereby strengthening the financial position of the Group for its ongoing business development.

Based on the above, the Directors (other than the independent non-executive Directors who will express their view after considering the advice from the Independent Financial Adviser) consider that the Subscription represents a straightforward and cost-effective means of financing for the Group, and is fair and reasonable and on normal commercial terms, and the entering into of the Subscription Agreement is in the interests of the Group and the Shareholders as a whole.

The net proceeds from the Subscription are estimated to be approximately HK\$7 million and based on the estimated net proceeds, the net subscription price would be approximately HK\$0.4375 per Subscription Share.

Application will be made to the Stock Exchange for the listing of, and permission to deal in the Subscription Shares.

LISTING RULES IMPLICATIONS

Since the Subscriber is a wholly-owned subsidiary of Changhong, which in turn is a substantial shareholder of the Company, the Subscriber is a connected person of the Company. Accordingly, the Subscription constitutes a connected transaction for the Company under Chapter 20 of the GEM Listing Rules. As one of the relevant percentage ratios calculated pursuant to Rule 19.07 of the GEM Listing Rules in respect of the Subscription exceed 5%, the Subscription is subject to the Independent Shareholders' approval by way of poll at the SGM pursuant to Chapter 20 of the GEM Listing Rules.

Changhong, through the Subscriber, has a material interest in the Subscription. Accordingly, Changhong and its associates will abstain from voting at the SGM in respect of the resolution approving the Subscription and the issue of the Subscription Shares. The Directors have confirmed that so far as they are aware, save for Changhong, no other Shareholder is interested in the Subscription.

TAKEOVERS CODE IMPLICATIONS

As at the date of the Subscription Agreement, Changhong held 95,368,000 Shares, representing approximately 29.99% of the voting rights of the Company. Changhong and parties acting or presumed to be acting in concert with it were interested in approximately 56.09% of the voting rights of the Company in aggregate as at the date of the Subscription Agreement.

Upon Completion, 16,000,000 Subscription Shares will be issued to the Subscriber, a wholly-owned subsidiary of Changhong. Thus, the interest of Changhong in the voting rights of the Company will be increased from approximately 29.99% to approximately 33.34% (assuming that no additional Shares other than the Subscription Shares will be issued since the date of the Subscription Agreement up to Completion). Accordingly, Changhong in the absence of the Whitewash Waiver, would be obliged to make a mandatory general offer under Rule 26 of the Takeovers Code for all the securities of the Company not already owned or agreed to be acquired by it.

An application to the Executive for the Whitewash Waiver will be made. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval of the Independent Shareholders at the SGM by way of poll. Changhong and parties acting or presumed to be acting in concert with it (including Sichuan Investment Management Company Limited), their respective associates and those involved or interested in the Subscription and the Whitewash Waiver shall abstain from voting at the SGM in respect of the resolution approving the Whitewash Waiver.

As at the date of this announcement, the Subscriber has not received any irrevocable commitment from any Independent Shareholder that they will vote in favour of the resolution approving the Whitewash Waiver at the SGM.

The Subscriber has undertaken to the Company that apart from the Subscription Agreement, neither the Subscriber nor parties acting in concert with it will:

- (i) from the date of the Subscription Agreement until the Completion Date acquire or dispose of or enter into any agreement or arrangement to acquire or dispose of any voting rights in the Company; and
- (ii) within six months after the SGM, acquire or dispose of or enter into any agreement or arrangement to acquire or dispose of any voting rights in the Company from or to a person who is a Director or substantial shareholder of the Company.

INFORMATION REQUIRED UNDER THE TAKEOVERS CODE

As at the date of this announcement, the Company does not have any options, warrants or convertible securities in issue.

The Subscriber has confirmed that neither the Subscriber nor any parties acting in concert with it:

- (i) apart from 16,000,000 new Shares under the Subscription Agreement, have acquired or disposed of or entered into any agreement or arrangement to acquire or dispose of any voting rights in the Company within the six months prior to the date of the Subscription Agreement and up to the date of this announcement;
- (ii) apart from 95,368,000 Shares owned by Changhong, own any outstanding options, warrants, or any securities that are convertible into Shares or any derivatives in respect of Shares nor has entered into any outstanding derivative in respect of securities in the Company;
- (iii) has any arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the Shares or shares of the Subscriber and which might be material to the transactions contemplated under the Subscription Agreement or the Whitewash Waiver;

- (iv) has any agreements or arrangements to which the Subscriber or parties acting in concert with it/they is/are a party which relate to the circumstances in which the Subscriber or parties acting in concert with it may or may not invoke or seek to invoke a pre-condition or a condition to the transactions contemplated under the Subscription Agreement or the Whitewash Waiver, nor any such agreements or arrangements the consequences of the Subscriber or parties acting in concert with it so invoking or seeking to invoke a precondition or a condition to such transactions would result in any break fees being payable.

As at the date of this announcement, there are not any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Subscriber or any person acting in concert with it has borrowed or lent.

FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

The Company did not conduct any fund raising activities during the past 12 months immediately preceding the date of this announcement.

GENERAL

Pursuant to Rule 17.47(6) of the GEM Listing Rules, the Independent Board Committee comprising all the independent non-executive Directors has been established by the Company to advise the Independent Shareholders on the terms of the Subscription Agreement and the transactions contemplated thereunder. Pursuant to Rule 2.1 of the Takeovers Code, the Independent Board Committee comprising all the non-executive Directors has been established by the Company to advise the Independent Shareholders on the terms of the Whitewash Waiver.

None of the members of the Independent Board Committee has any interest or involvement in the transactions contemplated under the Subscription Agreement or the Whitewash Waiver. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder as well as the Whitewash Waiver. Such appointment has been approved by the Independent Board Committee.

EXPECTED DATE OF DESPATCH OF THE CIRCULAR AND APPLICATION FOR WAIVER FROM STRICT COMPLIANCE WITH RULE 8.2 OF THE TAKEOVERS CODE

Pursuant to Rule 20.56(10) of the GEM Listing Rules, in the event the expected date of despatch of a circular in respect of the connected transaction of the Company is more than 15 business days after the publication of this announcement (i.e. after 21 February 2011), the Company is required to explain the reason for such delay. Moreover, pursuant to Rule 8.2 of the Takeovers Code, a circular in respect of the Whitewash Waiver is required to be despatched to the Shareholders within 21 days of the date of this announcement, i.e. being not later than 17 February 2011.

Giving that each of the Subscription Agreement and the Whitewash Waiver requires the approval by the Independent Shareholders at the EGM, it is the intention of the Board that the abovementioned two circulars be combined in a single Circular which will be issued addressing the relevant requirements of the Listing Rules and the Takeovers Code.

The Company expects to publish the Audited 2010 Results by 31 March 2011. It is the intention of the Board to include the Audited 2010 Results in the Circular, so that more updated financial information on the Group will be set out therein. In addition, additional time is required for the preparation of, among other things, the statement of the unaudited proforma consolidated net tangible asset value of the Group as a result of Completion, which is to be included in the Circular. Thus, the despatch of the Circular will be delayed. The Company will apply to the SFC for a waiver from strict compliance with Rule 8.2 of the Takeovers Code to the extent that the latest date for despatch of the Circular is not later than 15 April 2011.

The Circular will contain, among other things, (i) further details of the Subscription Agreement; (ii) further details of the Whitewash Waiver; (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder as well as the Whitewash Waiver; (iv) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Subscription Agreement and the transactions contemplated thereunder as well as the Whitewash Waiver; (v) the statement of the unaudited proforma consolidated net tangible asset value of the Group as a result of Completion; (vi) a notice of the SGM; and (vii) other information as required under the Listing Rules and the Takeovers Code.

RESUMPTION OF TRADING IN THE SHARES

The trading in the Shares on the GEM has been suspended with effect from 9:30 a.m. on Wednesday, 26 January 2011. The Company has made an application to the Stock Exchange for the resumption of trading in the Shares on the GEM with effect from 9:30 a.m. on Friday, 28 January 2011.

Shareholders and potential investors should note that the Subscription, which is subject to a number of conditions precedent, may or may not proceed to completion. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Audited 2010 Results”	the audited results of the Group for the year ended 31 December 2010, which are expected to be announced by the end of March 2011

“Board”	board of Directors
“Changhong”	Sichuan Changhong Electric Co., Limited, a company incorporated in the PRC with limited liability and the issued A-shares of which (stock code: 600839.SH) are listed on Shanghai Stock Exchange
“Circular”	the circular to be despatched by the Company to the Shareholders which will contain, among other things, (i) further details of the Subscription Agreement; (ii) further details of the Whitewash Waiver, for the purpose of the SGM
“Company”	China Data Broadcasting Holdings Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which (stock code: 8016) are listed on the GEM
“Completion”	completion of the Subscription
“Completion Date”	the date when Completion shall take place, being the second business day after all the Conditions have been fulfilled, other date as may be agreed in writing between the Company and the Subscriber
“Conditions”	the conditions precedent to Completion, as more particularly set out under the section headed “Conditions of the Subscription” in this announcement
“connected person”	has the meaning as ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC from time to time and any delegate of such Executive Director
“GEM”	The Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee comprising three the independent non-executive Directors, namely Mr. Jonathan Chan Ming Sun, Mr. Robert Ip Chun Chung and Mr. Sun Dongfeng, which has been established by the Company to advise the Independent Shareholders on the terms of the Subscription Agreement, the transactions contemplated thereunder and the Whitewash Waiver
“Independent Financial Adviser”	Grand Vinco Capital Limited, a corporation licensed under the Securities and Futures Ordinance to carry out business in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to the Independent Board Committee and Independent Shareholders regarding the Subscription and the Whitewash Waiver
“Independent Shareholders”	(i) for the purpose of the Subscription Agreement, Shareholders other than Changhong and its associates and any other Shareholders who are involved in or interested in the Subscription Agreement and the transactions contemplated thereunder; (ii) for the purpose of the Whitewash Waiver, Shareholders other than Changhong and parties acting or presumed to be acting in concert with it (including Sichuan Investment Management Company Limited) and any other Shareholders who are involved in, or interested in the Whitewash Waiver
“Last Trading Day”	Tuesday, 25 January 2011, being the last trading day of the Shares on the Stock Exchange prior to the suspension of the trading in the Shares on the GEM with effect from 9:30 a.m. on Wednesday, 26 January 2011
“Listing Committee”	the listing sub-committee of the Stock Exchange
“PRC”	the People’s Republic of China, which, solely for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan

“SFC”	Securities and Futures Commission of Hong Kong
“SGM”	the special general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving the Subscription Agreement and the transactions contemplated thereunder and the Whitewash Waiver, respectively
“Share(s)”	ordinary share(s) of HK\$0.025 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Changhong (Hong Kong) Trading Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of Changhong
“Subscription”	the subscription by the Subscriber for the Subscription Shares pursuant to the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated 25 January 2011 between the Subscriber and the Company relating to the Subscription
“Subscription Price”	means the subscription price of HK\$0.50 per Subscription Share
“Subscription Share(s)”	new Share(s) to be subscribed by the Subscriber pursuant to the Subscription Agreement
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers and Share Repurchases
“Whitewash Waiver”	the waiver by the Executive under Note 1 on Dispensations from Rule 26 of the Takeovers Code of the obligation on the part of Changhong to make a general offer to the shareholders of the Company for all issued shares and other securities of the Company not already owned or agreed to be acquired by Changhong as a result of the issue and allotment of the Subscription Shares to the Subscriber

“%”

per cent.

For and on behalf of
China Data Broadcasting Holdings Limited
Yu Xiao
Chairman

Hong Kong, 27 January 2011

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

This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this announcement misleading.

The Directors jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

This announcement will appear on the GEM website at <http://www.hkgem.com> on the "Latest Company Announcements" page for 7 days from the day of its posting thereon and on the website of the Company at <http://www.cdb-holdings.com.hk>.

* *For identification purposes only*