



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)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

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The Stock Exchange takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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 (the “GEM Listing Rules”) 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 purposes only

RESULTS

The board of directors (the “Board”) of China Data Broadcasting Holdings Limited (the “Company”) is pleased to announce the audited financial results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2007.

CONSOLIDATED INCOME STATEMENT

	<i>Notes</i>	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
TURNOVER	<i>1</i>	320,949	22,928
Cost of goods sold		<u>(315,952)</u>	<u>(28,496)</u>
GROSS PROFIT/(LOSS)		4,997	(5,568)
Other income	<i>2</i>	184	22,426
Selling expenses		(272)	(1,087)
Administrative expenses		(8,252)	(6,256)
Other operating expenses		<u>—</u>	<u>(25,385)</u>
LOSS FROM OPERATIONS		(3,343)	(15,870)
Finance costs		<u>(61)</u>	<u>(251)</u>
LOSS BEFORE TAX		(3,404)	(16,121)
Tax	<i>4</i>	<u>(492)</u>	<u>(74)</u>
LOSS FOR THE YEAR	<i>5</i>	<u>(3,896)</u>	<u>(16,195)</u>
LOSS PER SHARE			
Basic	<i>6</i>	<u>(1.23 cents)</u>	<u>(5.09 cents)</u>
Diluted		<u>N/A</u>	<u>N/A</u>

CONSOLIDATED BALANCE SHEET

	<i>Notes</i>	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i> (Restated)
Non-current assets			
Fixed assets		<u>146</u>	<u>86</u>
Current assets			
Trade receivables		60,362	–
Trade deposits paid		18,190	–
Prepayments, deposits and other receivables		471	778
Due from substantial shareholders		–	67
Due from a related company		65	–
Bank and cash balances		<u>25,663</u>	<u>674</u>
		<u>104,751</u>	<u>1,519</u>
Current liabilities			
Trade payables		32,970	1,560
Accruals and other payables		3,586	4,303
Customer deposits		56,465	–
Due to a director		5	23
Current tax liabilities		<u>5,477</u>	<u>4,928</u>
		<u>98,503</u>	<u>10,814</u>
Net current assets/(liabilities)		<u>6,248</u>	<u>(9,295)</u>
Non-current liabilities			
Loan from a substantial shareholder		<u>19,499</u>	<u>–</u>
NET LIABILITIES		<u><u>(13,105)</u></u>	<u><u>(9,209)</u></u>
Capital and reserves			
Share capital		7,950	7,950
Reserves	7	<u>(21,055)</u>	<u>(17,159)</u>
TOTAL EQUITY		<u><u>(13,105)</u></u>	<u><u>(9,209)</u></u>

Note:

1. TURNOVER

Turnover represents the invoiced value of goods sold and after allowances for goods returned and trade discounts. Revenue recognised during the year is as follows:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Gross amount	320,949	23,563
Less: Goods returned	—	(635)
Net amount	<u>320,949</u>	<u>22,928</u>

2. OTHER INCOME

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Interest income	177	121
Waiver of an amount due to a substantial shareholder	—	22,254
Others	7	51
	<u>184</u>	<u>22,426</u>

3. SEGMENT INFORMATION

(a) Business segments

The Group has been operating in a single business segment, that is trading of consumer electronic products and the related parts and components.

(b) Geographical segments

The following is an analysis of the Group's sales by geographical location of customers:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Europe	6	12,826
United States of America ("USA")	—	5,237
India	—	3,128
Hong Kong	809	906
People's Republic of China ("PRC")	277,107	831
Asia	29,424	—
Australia	13,603	—
Total	<u>320,949</u>	<u>22,928</u>

The following is an analysis of the carrying amount of segment assets, analysed by the geographical area in which the assets are located:

	Segment assets	
	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Hong Kong	104,787	1,484
USA	110	121
	<hr/>	<hr/>
Total	104,897	1,605
	<hr/> <hr/>	<hr/> <hr/>

The following is an analysis of capital expenditure, analysed by the geographical area in which the assets are located:

	Capital expenditure	
	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Hong Kong	137	4
	<hr/> <hr/>	<hr/> <hr/>

4. TAX

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Hong Kong Profits Tax		
– Current tax	550	58
– (Over)/Under-provision in prior years	(58)	10
Elsewhere		
– Current	<hr/> –	<hr/> 6
	<hr/> <hr/> 492	<hr/> <hr/> 74

Hong Kong Profits Tax has been provided at a rate of 17.5% on the estimated assessable profit for the year ended 31 December 2007 and 2006.

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 for the year ended 31 December 2007 and 2006.

A reconciliation of the tax expense for the year to the loss per the consolidated income statement is as follow:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Loss before taxation	<u>(3,404)</u>	<u>(16,121)</u>
Tax at the statutory tax rate	(596)	(2,794)
Income not subject to tax	(14)	(3,899)
Expenses not deductible for tax	5	4,916
Deferred tax assets not recognised	–	62
Tax losses not recognised	1,155	1,822
(Over)/under-provision in previous year	(58)	10
Utilisation of tax losses not previously recognised	<u>–</u>	<u>(43)</u>
Income tax expense	<u>492</u>	<u>74</u>

DEFERRED TAXATION

At 31 December 2007, the Group has unused tax losses of approximately HK\$23,325,000 (2006: HK\$16,727,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. The unrecognised tax losses may be carried forward indefinitely.

5. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging the following:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i> (Restated)
Depreciation	77	43
Exchange losses, net	–	33
Auditor's remuneration	680	800
Staff costs (including directors' remuneration):		
Salaries and related staff costs	4,000	2,636
Pension scheme contributions	68	36
	<u>4,068</u>	<u>2,672</u>

6. LOSS PER SHARE

The calculation of basic loss per share is based on the loss for the year of approximately HK\$3,896,000 (2006: HK\$16,195,000), and the weighted average number of ordinary shares of 318,000,000 (2006: 318,000,000) in issue during the year.

No diluted loss per share is presented for the year ended 31 December 2007 and 31 December 2006 as the Company did not have any dilutive potential ordinary shares in existence during the year.

7. RESERVES

	Share premium <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2006	28,537	(29,501)	(964)
Loss for the year	<u>—</u>	<u>(16,195)</u>	<u>(16,195)</u>
At 31 December 2006 and at 1 January 2007	28,537	(45,696)	(17,159)
Loss for the year	<u>—</u>	<u>(3,896)</u>	<u>(3,896)</u>
At 31 December 2007	<u><u>28,537</u></u>	<u><u>(49,592)</u></u>	<u><u>(21,055)</u></u>

8. 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), David Ji Long Fen (“Mr. Ji”), Anle Hse Ann Keh (“Mr. Hse”, an ex-executive director of the Company), Apex Digital Inc (“Apex Digital” a former substantial shareholder), United Delta Inc (“United Delta”, a ex-beneficial shareholder) and an individual. The defendants were claimed damages for patent infringement for the distribution of unlicensed DVD products within USA.

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, one of the defendants, Apex Digital is to pay a total amount of US\$3,280,000 to the plaintiffs by installments. Subsequently, the Group has signed an agreement with Apex Digital (which is wholly-owned by Mr. Ji, director of the Company) that Apex Digital has agreed to bear all the payments and legal professional fees incurred. Up to the date of this announcement, Apex Digital has paid the amount of US\$1,150,000.

CORPORATE GOVERNANCE REPORT

The Company has applied the Code on Corporate Governance Practices (the “CG Code”) contained in appendix 15 to the GEM Listing Rules which sets out corporate governance principles (the “Principles”) and code provisions (the “Code Provisions”) as far as possible and practicable. An explanation for any deviations is adhered.

CHAIRMAN AND MANAGING DIRECTOR

The Code Provision A.2.1 stipulates that the roles of Chairman and Managing Director should be separated and should not be performed by the same individual.

During the year, Mr. YU Xiao was appointed as chairman and Mr. TANG Yun was appointed as managing director. Despite the aforesaid, the Board will review such arrangement from time to time.

INDEPENDENT NON-EXECUTIVE DIRECTORS

On 12 February 2007, the Company appointed Mr. Jonathan CHAN Ming Sun, Mr. Robert IP Chun Chung and Mr. SUN Dongfeng as independent non-executive directors to comply with Rule 5.05 of the GEM Listing Rules.

The term of appointment is a twelve month auto-renewable service agreement with a fixed amount per annum.

REMUNERATION COMMITTEE

The Code Provision B.1.1 requires the establishment of a remuneration committee with specific written terms of reference. The majority members of the committee should be independent non-executive directors.

On 14 February 2007, the Company has set up a remuneration committee to make recommendations to the Board on the Company’s policy and structure for remuneration, to establish formal and transparent procedure for developing remuneration policy, to fix the remuneration of the auditors and directors whereas any member will abstain from voting in respect of any remuneration and fees paid to his interest. The members of the committee are Mr. YU Xiao, Mr. Robert IP Chun Chung and Mr. SUN Dongfeng.

AUDITOR’S REMUNERATION

The remuneration of the audit service rendered by the auditors of the Group was mutually agreed in view of the scope of services in the total amount of HK\$680,000. The auditors also provided non-audit service (i.e. internal control review) to the Company which amounted to HK\$150,000 during the period.

AUDIT COMMITTEE

On 12 February 2007, the Company appointed Mr. Jonathan CHAN Ming Sun, Mr. Robert IP Chun Chung and Mr. SUN Dongfeng as audit members. The audit committee principal duties are the review and supervision of the company's financial reporting process and internal control system.

NOMINATION COMMITTEE

The Code Provision A.4.4 requires the establishment of a nomination committee with written terms of reference. The majority members of the committee should be independent non-executive directors.

On 27 December 2007, the Company has set up a nomination committee to review the profile of the current directors and nominate directors (if any) on a regular basis in order to ensure that the composition of the Board is capable to fulfill its obligation and responsibility. The members of the committee are Mr. YU Xiao, Mr. Robert IP Chun Chung and Mr. SUN Dongfeng.

INTERNAL CONTROL

The Board has overall responsibilities for the establishment of, maintaining an adequate and effective internal control system and for reviewing its effectiveness to safeguard the Company's assets against unauthorized use or disposition, and to protect the interests of shareholders of the Company.

In August 2007, the Company appointed ShineWing Risk Services Limited ("ShineWing") to review the effectiveness of the Group's existing financial reporting system and internal control procedures and to give recommendations in connection with daily operating practice. The followings are the findings by ShineWing:

- (1) incomplete supporting documents in revenue and purchase cycles;
- (2) inefficient internal communication on customers' settlement in revenue and purchase cycles;
- (3) poor maintenance of customer/supplier files in revenue and purchase cycles;
- (4) Transactions cutoff problem due to non-compliance with revenue recognition policy;
- (5) lack of quality assurance procedures in revenue and purchase cycles;
- (6) lack of segregation of duties in fixed assets and financial reporting cycles;
- (7) inconsistent application of accounting policies in financial reporting cycles; and
- (8) absence of control procedures on inventory cycle and sales return.

The management including members of the audit committee of the Group accepted and approved the findings and recommendations by ShineWing. Based on the recommendations, the Group has modified and formulated internal control manual covering the related aspects of the daily operations. On 27 December 2007, a Board meeting was held to review the effectiveness of financial reporting system and internal control procedure.

A subsequent follow up review of internal control system was conducted by ShineWing in February 2008, no material deficiencies have been identified during the assessment. The findings were as following :

- (1) the Group has improved and implemented the procedures on the revenue and purchase cycles and ensures all the supporting documents thereto are adequate and complete.
- (2) the Group has introduced new procedures and control policy to ensure proper internal communication within the Group on the payment terms to suppliers and from customers in respect of its revenue and purchase cycles.
- (3) the Group has set up and implemented procedures to ensure good maintenance and possession of files on customers and suppliers in respect of its revenue and purchase cycles.
- (4) the Group has adjusted its accounting policies in accordance with the Hong Kong Financial Reporting Standards to avoid transactions cutoff problem.
- (5) the Group has formulated and implemented quality assurance procedures in revenue and purchase cycles.
- (6) the Group has managed to segregate the duties between fixed assets cycles and financial reporting system.
- (7) the Group has adjusted its accounting policies to ensure consistency within the companies in respect of its financial reporting cycles.
- (8) the Group has formulated and implemented internal control procedures on inventory cycles and sales return.

ShineWing confirmed that the Group has an adequate financial reporting system and internal control procedures. Both the internal control review report and the follow up internal control review report are documented for checking upon request.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In February 2007, the Company appointed three independent non-executive directors and established audit committee, remuneration committee and nomination committee to comply with the GEM Listing Rules and the CG Code. These would strengthen the internal control and the effectiveness of daily operating procedures. The Company then modified the internal control procedures and financial reporting system. After that, the Company appointed ShineWing to review the modified system and procedures and give recommendations on internal control manual. The internal control review report in relation to the recommendations and findings was provided by ShineWing. Also the report was submitted to the Stock Exchange as requested. The Company adopted the recommendations and the findings made by ShineWing on the Group's financial reporting system and internal control procedures of which would modified accordingly. The Board approved the new internal control manual of the Group on 27 December 2007.

During 2007, the shareholding structure has been changed. On 13 February 2007, Sichuan Investment Management Company Limited (the "Sichuan Investment") entered into an agreement with Apex Digital and Mr. Ji to purchase 69,829,340 shares and 13,180,000 shares representing approximately 21.96% and approximately 4.14% of the issued share capital of the Company respectively. Then Sichuan Investment held approximately 26.10% of the issued share capital of the Company.

During 2007, the Company appointed financial adviser and legal adviser for the application for the resumption of trading of the Company's shares. During the year, the Stock Exchange issued comments in connection with the affairs of the Company. With the efforts of the Company and the advisers, the Company replied the comments accordingly. The replies in relation to affairs raising from past operations, future business plan, memorandum of profit forecast and working capital forecast by independent adviser and relevant documents. The application for the resumption of trading is in the progress of reviewing by the Stock Exchange.

For the purpose of reviving the Company's daily business operations, the Company has entered into master sales agreement and master purchase agreement with Sichuan Changhong Electric Co., Limited ("Changhong", a substantial shareholder), as a preferential agent of supplying and purchasing products and components to and from worldwide. The agreement continued to effect till 31 December 2009. As these are continuing connected transactions, the Company notified to the Stock Exchange immediately, and appointed independent financial adviser to review the transactions and to provide opinions to independent non-executive directors and shareholders. Due to the transactions benefited to the Company, the Board ratified and approved the transactions. The shareholders approved the continuing connected transactions on 18 September 2007 in a special general meeting.

The Company also devoted resources and manpower to promote non-connected business at the same time. But due to the severe competition within the electronics industry and rapid changes in the macro and micro economic and trading environment, the break through did not seem successfully.

During the year, the Group engaged in sourcing and procurement business in the consumer electronic industry (the “Procurement Business”). There was a significant improvement of the business activities due to the efforts of management to revive the operations after reorganisations of the Group and the support from Changhong, the Group has accomplished revenue of approximately HK\$320.9 million and a net loss of approximately HK\$3.9 million for the year ended 31 December 2007.

During the year, a settlement has been reached among U.S. Philips Corporation, Koninklijke Philips Electronics N.V., the Company and related parties regarding the patent infringement. On 2 August 2007 the proceedings were dismissed without prejudice. Pursuant to the terms of the settlement, the Company would not bear the payments including legal and professional fee to the plaintiffs.

LIQUIDITY AND FINANCIAL RESOURCES

The Group’s financial and liquidity positions are healthy and stable. As at 31 December 2007, the Group had no borrowings and its cash and bank balances amounted to approximately HK\$25,663,000. The Group’s net current assets approximate to HK\$6.2 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 and United States dollars. As the exchange rate between Hong Kong dollars and United States dollars is pegged, the Group believes its exposure to exchange risk is minimal.

EMPLOYMENT AND REMUNERATION POLICY

As at 31 December 2007, the total number of the Group’s staff was 16. The total staff costs (including directors) amounted to approximately HK\$4.1 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.

The Group established a Share Options Scheme to reward its employees for their individual performance. As at 31 December 2007, there were no outstanding share options. During the year under review, no share option had been granted nor exercised.

The Group did not experience any significant labour disputes or substantial change in the number of its employees that led to any disruption of normal business operations. The Board consider the Group’s relationship with its employees to be good.

OUTLOOK

As the dispute among Changhong, Apex Digital and an executive director of the Company has been settled, and the Company has been re-organized, the Board believes that the business will set back on the track, the Procurement Business in the consumer electronic industry will build up a steady and considerable income stream of the Group. As the economy of Hong Kong become well, the management put more resources to explore further business opportunities in the consumer electronic industry, such as trading of finished goods/parts and components of televisions, set top boxes, fridges, digital photo frames and other products. The Board is confident that the business relating to the consumer electronic products will be better in the near future.

DIVIDEND

The board do not recommend the payment of any dividend in respect of the year (2006: Nil).

INTERESTS OF THE DIRECTORS IN THE COMPANY

As at 31 December 2007, 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 (<i>notes (a), (b) and (c)</i>)	–	Interest of a controlled corporation	Corporate	–
	44,520,000	Beneficial owner	Personal	14.00

Notes

- (a) On 2 March 2007, Sichuan Investment bought 69,829,340 shares and 13,180,000 shares from Apex Digital and Mr. Ji representing approximately 21.96% and 4.14% respectively at the consideration of HK\$0.72 per share.
- (b) Apex Digital is controlled by Mr. Ji and United Delta, a private corporation incorporated in the USA which is wholly owned by Mr. Ji from 10 April 2006. Accordingly, Mr. Ji is deemed to be interested in the 69,829,340 shares owned by Apex Digital up to 2 March 2007.

- (c) Up to 2 March 2007, Mr. Ji's deemed interest in the 69,829,340 shares held by Apex Digital and is interested in another 57,700,000 shares held by him directly, and is therefore interested in a total of 127,529,340 shares.

Save as disclosed above, 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 year 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. No options have been granted to the directors up to the date of this announcement.

INTERESTS OF THE SUBSTANTIAL SHAREHOLDERS IN THE COMPANY

As at 31 December 2007, 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 %
Changhong	Directly beneficially owned	95,368,000	29.99
Sichuan Investment (<i>note (a)</i>)	Directly beneficially owned	83,009,340	26.10
Apex Digital (<i>note (a) & (b)</i>)	Directly beneficially owned	–	–
United Delta (<i>note (a) & (b)</i>)	Through a controlled corporation	–	–
Mr. Ji (<i>notes (a), (b) & (c)</i>)	Through a controlled corporation	–	–
	Directly beneficially owned	44,520,000	14.00
Ms. Liu Ru Ying (<i>note (c) & (d)</i>)	Through spouse	44,520,000	14.00

Notes

- (a) On 2 March 2007, Sichuan Investment bought 69,829,340 shares and 13,180,000 shares from Apex Digital and Mr. Ji representing approximately 21.96% and 4.14% respectively at the consideration of HK\$0.72 per share.
- (b) Apex Digital is controlled by Mr. Ji and United Delta, a private corporation incorporated in the USA which is wholly owned by Mr. Ji from 10 April 2006. Accordingly, Mr. Ji is deemed to be interested in the 69,829,340 shares owned by Apex Digital up to 2 March 2007.
- (c) Up to 2 March 2007, Mr. Ji's deemed interest in the 69,829,340 shares held by Apex Digital and is interested in another 57,700,000 shares held by him directly, and is therefore interested in a total of 127,529,340 shares.
- (d) 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 44,520,000 shares in which Mr. Ji is interested after 2 March 2007.
- (e) On 5 March 2007, Mr. Wang Qiao bought 10,000,000 shares from Mr. Xu Gao Hui ("Mr. Xu") representing approximately 3.14% at the consideration of HK\$0.2 per share. After that, the total number of shares held by Mr. Xu has decreased to 12,350,000 representing approximately 3.88% of the Company's shares.

Save as disclosed above, 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 was founded by Mr. Ji and Mr. Hsu, a present executive director and a former director of the Company, and is controlled by Mr. Ji and United Delta, which 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". As Apex Digital did not hold any securities of the Company from 2 March 2007, there is not any competing interest afterward.

Whereas Changhong, a company 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". On 8 September 2006, Changhong becomes a substantial shareholder of the Company.

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 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.

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

During the year 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

Yu Xiao

Chairman

Hong Kong, 26 March 2008

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

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