



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)

**SECOND QUARTERLY RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2009**

The Growth Enterprise Market (“GEM”) has been positioned as a market designed to accommodate companies to which a high investment risk may be attached than other companies listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This announcement, for which the directors of China Data Broadcasting Holdings Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (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 interim results of the Company and its subsidiaries (collectively the “Group”).

The unaudited condensed interim accounts of the Group for the three months and six months ended 30 June 2009, together with the comparative figures for the corresponding period of last year, as follows:

CONSOLIDATED INCOME STATEMENT

		For three months ended 30 June		For six months ended 30 June	
		2009	2008	2009	2008
	Note	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover		521,412	133,922	930,880	353,138
Cost of sales		504,452	(131,182)	902,362	(347,583)
Gross profit		16,960	2,740	28,518	5,555
Other revenue		37	8	108	51
Administrative expenses		(2,237)	(1,823)	(5,428)	(3,742)
Distribution expenses		(1,593)	(731)	(2,734)	(1,491)
Profit from operation		13,167	194	20,464	373
Finance cost		(9,895)	–	(12,083)	–
Profit before taxation	3	3,272	194	8,381	373
Taxation	4	–	–	(6)	–
Net profit after taxation		3,272	194	8,375	373
Profit per share					
Basic (HK cents)	5	1.03	0.06	2.63	0.12
Diluted (HK cents)	5	N/A	N/A	N/A	N/A

CONSOLIDATED BALANCE SHEET

		30 June 2009 HK\$'000 (Unaudited)	31 December 2008 HK\$'000 (Audited)
	<i>Notes</i>		
NON-CURRENT ASSETS			
Fixed assets		<u>100</u>	<u>101</u>
CURRENT ASSETS			
Trade receivables	6	48,706	17,420
Inventory		266	9
Prepayments, deposits and other receivables		147,461	1,010
Amount due from related companies		416,308	70,917
Cash and bank balance		<u>211,446</u>	<u>21,054</u>
		<u>824,187</u>	<u>110,410</u>
CURRENT LIABILITIES			
Trade payables	7	189,426	28,568
Tax payable		8,993	7,989
Other payables and accruals		4,110	251
Customer deposit		72,205	1,481
Amount due to a director		5	5
Amount due to substantial shareholder		90,668	–
Amount due to related company		46	–
Bank loan		91,642	1,189
Loan from a related company		<u>350,621</u>	<u>–</u>
		<u>807,716</u>	<u>103,744</u>
NET CURRENT ASSETS		<u>16,471</u>	<u>6,666</u>
NON-CURRENT LIABILITIES			
Loan from substantial shareholder		–	19,499
Loan from a related company		<u>15,599</u>	<u>–</u>
		<u>15,599</u>	<u>19,499</u>
NET ASSET/(LIABILITIES)		<u><u>972</u></u>	<u><u>(12,732)</u></u>
CAPITAL AND RESERVES			
Issued capital		7,950	7,950
Reserves		<u>(6,978)</u>	<u>(20,682)</u>
		<u><u>972</u></u>	<u><u>(12,732)</u></u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	For the six months ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
Total equity at 1 January	(7,403)	(13,105)
Net profit for the period attributable to shareholders	<u>8,375</u>	<u>373</u>
Total equity at 30 June	<u><u>972</u></u>	<u><u>(12,732)</u></u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS – UNAUDITED

	For the six months ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
NET CASH (OUTFLOWS) FROM OPERATING ACTIVITIES	<u>(246,724)</u>	<u>(2,031)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	<u>(58)</u>	<u>(26)</u>
Net cash (outflow) from investing activities	<u>(58)</u>	<u>(26)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan (repay to)/from substantial shareholder	(19,499)	19,499
Loan from a related company	366,220	–
Bank loan	<u>90,453</u>	<u>1,189</u>
Net cash inflow from financing activities	<u>437,174</u>	<u>20,688</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>190,392</u>	<u>18,631</u>
Cash and cash equivalents at beginning of year	<u>21,054</u>	<u>2,423</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>211,446</u></u>	<u><u>21,054</u></u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	<u><u>211,446</u></u>	<u><u>21,054</u></u>

Notes:

1. PRINCIPAL ACCOUNTING POLICIES

The unaudited consolidated condensed interim accounts (the Interim Accounts) are prepared in accordance with Hong Kong Accounting Standard (HKAS) 34 Interim Financial Reporting and the requirements of the Rules governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the Listing Rules).

2. SEGMENT INFORMATION

Segment information is presented in respect of the Groups business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group in making operating and financial decision.

(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 Groups sales by geographical location of customers:

	2009 HK\$'000	2008 HK\$'000
Hong Kong	12,333	1,123
Peoples Republic of China (PRC)	555,234	249,680
Asia	115,174	8,351
Europe	98,666	69,956
Australia	74,088	23,985
United States of America (USA)	446	—
South America	45,610	43
Africa	29,329	—
	<u>930,880</u>	<u>353,138</u>

3. OPERATING PROFIT BEFORE TAX

The Groups operating profit before tax is arrived at after charging:

	2009 HK\$'000	2008 HK\$'000
Cost of inventories sold	902,363	347,583
Depreciation	<u>35</u>	<u>89</u>

4. TAX

Taxes of other jurisdiction 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.

Hong Kong profits tax is calculated at 16.5% (2008: 16.5%) of the estimated assessable profit for the period ended 30 June 2009 (2008: Nil).

The Group has unused tax losses of approximately HKD23,471,000 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. PROFIT/(LOSS) PER SHARE

The calculation of basic profit per share for the three months and six months ended 30 June 2009 were based on the net profits attributable to shareholders of HK\$3,272,000 (2008: HK\$194,000) for the three months ended 30 June 2009 and the net profits attributable to shareholders of HK\$8,375,000 (2008: HK\$373,000) for the six months ended 30 June 2009 and on 318,000,000 (2008: 318,000,000) ordinary shares in issue during the three months and six months ended 30 June 2009.

No diluted earnings per share was presented as there was no potential ordinary shares in issue for both periods.

6. TRADE RECEIVABLES

The Groups trading terms with its customers are mainly on credit. The credit period is generally for a period of one month, extending up to three months. Overdue balances are reviewed regularly by senior management. An aged analysis of the trade receivables as at the balance sheet date, based on invoice date, is as follows:

	2009 HK\$'000	2008 HK\$'000
Within 3 months	40,250	17,420
4 to 6 months	3,133	—
7 to 12 months	5,318	—
Over 1 year	5	—
	<hr/>	<hr/>
	48,706	17,420
	<hr/>	<hr/>

7. TRADE PAYABLES

An aged analysis of the trade payables as at the balance sheet date, based on invoice date, is as follows:

	2009 HK\$'000	2008 HK\$'000
Within 3 months	180,015	25,606
4 to 6 months	7,283	1,402
7 to 12 months	568	—
Over 1 year	1,560	1,560
	<u>189,426</u>	<u>28,568</u>

8. CONTINGENT LIABILITIES

On 12 June 2006, Koninklijke Philips Electronics N.V. and United States Philips Corporation issued a writ of summons (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 directors of the Company), Mr. Ancle Hsu Ann Keh (a former executive directors of the Company), Apex Digital Inc. (“Apex Digital”, a former substantial shareholder), 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 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, 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 that Apex Digital has agreed to bear all the payments and any legal and professional fees incurred. Up to 30 June 2009, Apex Digital has paid the amount of US\$1,950,000.

DIVIDENDS

The directors do not recommend the payment of any dividend for the period ended 30 June 2009 (2008: Nil).

AUDIT COMMITTEE

The Audit Committee has reviewed the Group’s results for the period ended 30 June 2009 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”). An improved operating results for the six months ended 30 June 2009 has achieved, the Group has accomplished a revenue of approximately HK\$930.88 million and a net profit of approximately HK\$8.4 million.

The Company raised a legal suit on 17 October 2008 at Shanghai in PRC against Apex Digital (Shanghai) Co., Limited (a subsidiary of former substantial shareholder, Apex Digital) for the collection of the repayment of approximately HK\$6,640,000 which happened by the end of year 2006. On 17 April 2009, the suit has been trailed by the court ordering Apex Digital (Shanghai) Co. Limited repay the said amount. Up to the date of this announcement, nothing has been received by the Company. Also the Company tried various measures for the collection of the service deposit of approximately HK\$2,496,000 owed by Ms. Fei Liqiong (an American), a repayment agreement has been proposed but has not been finalised as at the date of the announcement.

On 18 March 2009, the Stock Exchange issued a letter to grant the Company for the resumption of trading subject to the fulfillment of certain conditions. Related works has been in process.

LIQUIDITY AND FINANCIAL RESOURCES

The Groups financial and liquidity positions are healthy and stable. As at 30 June 2009, the Group's total bank and other interest-bearing borrowings amounted to HK\$457.86 million and its cash and bank balances amounted to HK\$211.45 million. Net current assets of the Group was approximately HK\$16.47 million. As the substantial shareholder guaranteed to support the Company, the management is confident that the Groups financial resources sufficient to finance its daily operation.

The Groups 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 to be minimal.

EMPLOYMENT AND REMUNERATION POLICY

As at 30 June 2009, the total number of the Groups staff was 18. 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 Option Scheme to reward its employees for their individual performances. During the period under review, no share option had been granted nor exercised.

OUTLOOK

As the Company has established stable clientele bases of supplier and customers, there is a minimal effect by the financial crisis to the operations of the Company. The Company is confident that the Trading Business in the consumer electronic industry will build up a steady and considerable income stream of the Group. The management will put more efforts 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, notebooks and other products. The Board believes that the business will keep on the track and will be better in the near future.

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 30 June 2009, 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	Type of Capacity	Interest	Approximate percentage of interest %
Mr. Ji	44,520,000	Beneficial owner	Personal	14.00

Save as disclosed in this paragraph, as at 30 June 2009, 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. 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 30 June 2009, 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”)	Directly beneficially owned	95,368,000	29.99
Sichuan Investment Management Company Limited (“Sichuan Investment”)	Directly beneficially owned	83,009,340	26.10
Mr. Ji	Directly beneficially owned	44,520,000	14.00
Ms. Liu Ru Ying (<i>note (a)</i>)	Through spouse	44,520,000	14.00

Notes

- (a) 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.

Save as disclosed in this paragraph, as at 30 June 2009, 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 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 Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

By Order of the Board

Yu Xiao

Chairman

Hong Kong, 10 August 2009

As at the date of this announcement, the executive directors of the Company 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 independent non-executive directors of the Company are Mr. Jonathan Chan Ming Sun, Mr. Robert Ip Chun Chung and Mr. Sun Dongfeng.