

Third Quarter Report

2007



**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 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 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 nine months period ended 30 September 2007 was increased by 75.3% to HK\$29.8 million, this was due to the management's efforts to revive its business operations after reorganisations of the Group and the support from Sichuan Changhong Electric Co., Limited ("Changhong", a substantial shareholder). The Group had a net loss of approximately HK\$4.1 million.

RESULTS

The board of directors (the "Board") of China Data Broadcasting Holdings Limited (the "Company") is pleased to announce the unaudited results of the Company and its subsidiaries (collectively the "Group") for the three months period and nine months period ended 30 September 2007, together with the comparative figures for the corresponding period of last year, as follows:

		For three months ended 30 September		For nine months ended 30 September	
		2007	2006	2007	2006
	Note	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover	1	18,893	1,562	29,782	16,968
Cost of sales		(18,316)	(1,509)	(28,834)	(16,359)
Gross profit		577	53	948	609
Other revenue		48	93	77	178
Administrative expenses		(2,154)	(1,375)	(5,083)	(4,426)
Operating loss before taxation		(1,529)	(1,229)	(4,058)	(3,639)
Taxation	2	-	-	-	-
Net loss after taxation		<u>(1,529)</u>	<u>(1,229)</u>	<u>(4,058)</u>	<u>(3,639)</u>
Loss per share	3				
Basic (HK cents)		<u>0.48</u>	0.39	<u>1.28</u>	1.14
Diluted (HK cents)		<u>N/A</u>	N/A	<u>N/A</u>	N/A

Notes:

1. TURNOVER

Turnover represents the invoiced value of goods sold and after allowances for goods returned and trade discounts.

2. TAXATION

Tax 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 and practices in respect thereof.

No provision for Hong Kong profits tax has been provided since the Group has no assessable profit for the period ended 30 September 2007 (2006: Nil).

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

3. LOSS PER SHARE

The calculation of basic loss per share for the three months and nine months ended 30 September 2007 were based on the net loss attributable to shareholders of HK\$1,529,000 (2006: HK\$1,229,000) for the three months ended 30 September 2007 and the net loss attributable to shareholders of HK\$4,058,000 (2006: HK\$3,639,000) for the nine months ended 30 September 2007 and on 318,000,000 (2006: 318,000,000) ordinary shares in issue during the three months and nine months ended 30 September 2007.

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

4. RESERVES

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

5. 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. Anle Hsu Ann Keh ("Mr. Hsu", an ex-executive directors of the Company), Apex Digital Inc. ("Apex Digital", a ex-substantial shareholder), United Delta Inc. ("United Delta", a ex-beneficial shareholder) and an individual (collectively known as the "Defendants"). Apex Digital verbally agreed to appoint a legal representative and handle the legal claim on behalf of the Group. The Defendants were claimed damages for patent infringement for the distribution of unlicensed DVD products within the USA. Nevertheless, the amount of the claim was not stated in the Summons.

On 20 June 2007, Mr. Ji was authorised by the Company to handle the issue on behalf of the Group. A settlement has been reached between the plaintiffs and the defendants and the proceedings were dismissed without prejudice on 2 August 2007. Pursuant to the terms of the settlement, total amount of US\$3,280,000 will be paid to plaintiffs by Apex Digital 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 the period ended 30 September 2007, the directors of the Company considered that this contingent liabilities has ceased to exist.

ASSESSMENT OF THE RESULTS

The unaudited third quarterly results of the Group was reviewed by the Audit Committee of the Company.

DIVIDENDS

The directors do not recommend the payment of any dividend for the period ended 30 September 2007 (2006: Nil).

BUSINESS REVIEW

During the period, the Group engaged in sourcing and procurement business in the consumer electronic industry (the "Procurement Business"). The Group has achieved fair operating results for the nine months ended 30 September 2007, the Group has accomplished a revenue of approximately HK\$29.8 million and a net losses of approximately HK\$4.1 million.

OUTLOOK

As the settlement of the dispute among Changhong, Apex Digital and an executive director of the Company is being proceed, 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, DVD players, digital cameras, game consoles and other products. The Board is confident that the business relating to the consumer electronic products will be better in the near future.

INTERESTS OF THE DIRECTORS IN THE COMPANY

At 30 September 2007, the interests and short positions of the Directors in the ordinary share of the Company (the "Share"), 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 of Hong Kong Limited (the "Stock Exchange") pursuant to Division 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

Name of director	Notes	Number of shares held, capacity and nature of interest		Total share capital	Percentage of the Company's issued capital %
		Directly Beneficially owned	Through controlled corporation		
Mr. Ji	(a), (b) & (c)	44,520,000	-	44,520,000	14.0

Notes:

- On 2 March 2007, Sichuan Investment Management Co. Limited ("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.
- 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.
- 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 interest 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 Division 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.

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 SUBSTANTIAL SHAREHOLDERS IN THE COMPANY

At 30 September 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 Division 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 meeting of any member of the Group were as follows:

Long positions

Name of substantial shareholder	<i>Notes</i>	Capacity and nature of interest	Number of the ordinary shares held	Percentage of Company's issued share capital %
Changhong Sichuan Investment	(a)	Directly beneficially owned	95,368,000	29.99
Apex Digital	(a) & (b)	Directly beneficially owned	83,009,340	26.10
United Delta	(a) & (b)	Through a controlled corporation	-	-
Mr. Ji	(a), (b) & (c)	Through a controlled corporation	-	-
		Directly beneficially owned	44,520,000	14.00
Ms. Liu Ru Ying	(c) & (d)	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 Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited except for the absence of the nomination committee.

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

During the period 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, 12 November 2007

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