



**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)

THIRD QUARTER REPORT 2000

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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 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.

HIGHLIGHTS

The Group's turnover for the nine months ended 30th September, 2000 grew by 153% compared to the same period last year.

The Group's profit for the nine months ended 30th September, 2000 grew by 123% compared to the same period last year.

Sales of the Group's principal products-PC plug-in board increased dramatically by 208% compared to the same period last year and reached 77,333 units. This further strengthens the Group's leading position in the PC-oriented reception modules market.

On 16 August 2000, the Group signed a cooperation agreement with 北京國聯新世紀網絡教育有限公司 (“Beijing Guolian New Era Network Education Co. Limited”), which further enrichs the Group's education service contents.

As at 30th September, 2000, we had alliance with 159 TV network operators out of which we have agreements with 22 for the sharing of subscriptions derived from our data broadcasting service contents.

QUARTERLY RESULTS (UNAUDITED)

The directors of China Data Broadcasting Holdings Limited (“the Company”) announce the unaudited results of the Group for the three months and nine months ended 30th September, 2000 with the comparative figures for the corresponding periods in 1999.

		For the three months ended 30th September,		For the nine months ended 30th September,	
	<i>Notes</i>	2000 <i>HK\$'000</i>	1999 <i>HK\$'000</i>	2000 <i>HK\$'000</i>	1999 <i>HK\$'000</i>
TURNOVER	2	<u>7,733</u>	<u>4,341</u>	<u>21,898</u>	<u>8,665</u>
OPERATING PROFIT BEFORE TAX		858	699	1,940	513
TAX	3	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
PROFIT BEFORE MINORITY INTERESTS		858	699	1,940	513
Minority Interests		<u>(470)</u>	<u>(210)</u>	<u>(1,140)</u>	<u>(154)</u>
NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS		<u>388</u>	<u>489</u>	<u>800</u>	<u>359</u>
Earnings per share	4	<u>0.1 cents</u>	<u>0.3 cents</u>	<u>0.3 cents</u>	<u>0.2 cents</u>

Notes:

1. Group reorganisation and basis of preparation

The Company was incorporated in Bermuda on 22nd September, 1999 and remained inactive until 11th January, 2000 when the reorganisation (the “Reorganisation”) of the Group was completed and the Company became the holding company of the Group. The Reorganisation has been accounted for by the Company using the merger accounting method in accordance with Statement of Standard Accounting Practice No. 27 “Accounting for group reconstructions”.

The comparative figures for the corresponding periods in 1999 have been prepared as if the Reorganisation had been completed on 1st January, 1999.

2. **Turnover**

Turnover represents the invoiced value of goods sold and services rendered, net of value-added tax, business tax and government surcharges, and after allowance for goods returned and trade discounts.

3. **Tax**

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the period under review.

Under the Income Tax law of the People's Republic of China ("PRC"), the Group's operation in PRC is subject to state income tax of 30% and local income tax of 3%. Pursuant to an approved document issued by Tianjin High-tech Industry Park State Tax Bureau, the Group is exempted from state income tax for the first two years of operation starting from the year when it first becomes profitable and thereafter, is entitled to a 50% relief from state income tax for the third to fifth years, inclusive. The Group is also exempted from local income tax for the first five years of operation, starting from the year when it first becomes profitable.

4. **Earnings per share**

The calculations of earnings per share for the three months and nine months ended 30th September, 2000 were based on the profit attributable to shareholders of HK\$388,000 for the three months ended 30th September, 2000 and HK\$800,000 for the nine months ended 30th September, 2000 and on 318,000,000 shares in issue during the three months ended 30th September, 2000 and on the weighted average of approximately 290,861,315 shares in issue during the nine months ended 30th September, 2000. The number of shares have been adjusted for the Company's Share Subdivision on 24th July, 2000 as detailed below.

The calculations of earnings per share for the three months and nine months ended 30th September 1999 respectively were based on the profit attributable to shareholders of HK\$489,000 for the three months ended 30th September, 1999 and HK\$359,000 for the nine months ended 30th September, 1999 and on the 180,000,000 shares for the three months and nine months ended 30th September, 1999 in issue and issuable pursuant to a capitalisation issue in connection with the Company's share offering in January 2000. The number of shares have been adjusted for the Company's Share Subdivision on 24th July, 2000 as detailed below.

SHARE SUBDIVISION

An ordinary resolution approving the subdivision of the Company's shares of HK\$0.10 each into four shares of HK\$0.025 each in the share capital of the Company was duly passed at the special general meeting of the Company held on 24th July 2000.

DIVIDENDS

The directors do not recommend the payment of any dividend for the periods under review (1999: Nil).

BUSINESS REVIEW AND OUTLOOK

Being the sole industrial representative seating in the Data Broadcasting National Standards Drafting Committee of the PRC, the Group participates in the Committee's drafting for the national standards, and upon the invitation of the Committee, the Group also assists in the testing of the relevant technology in relation to the national standards. It is expected that these standards will be issued by the end of this year. The Group is fully confident that all of its relevant systems and products will be in compliance with the national standards.

The Group has taken a prudent attitude towards the national standards to which the Group had scaled down certain of its business activities such as postponing the launch of the Group's TV set-top boxes and signing up of TV network operators and content providers.

The Group continues to enrich its education service contents. In addition to the cooperation with Beijing Jian Shan Distance Education Net Limited, on 16 August this year, the Group entered into a contract with Beijing Guolian New Era Network Education Co., Limited ("Guolian"), whereby the Group is authorised to broadcast the educational information produced by Guolian. The revenue derived from the broadcasting of Guolian's educational information will be shared equally by the two parties.

FUTURE PLANS AND PROSPECTS

The continued growth of the Group's results show that the Group has a firm grasp of the market share of the sector. It also proves that the data broadcasting sector has presented a huge potential of growth and opportunities.

The Group will continue to expand the scale of data broadcasting products and capture an even larger market share, while at the same time develop both the content and service of data broadcasting in firm and steady steps, so that in time the Group will be able to secure a steady and continued stream of revenue in data broadcasting service.

In respect of research and development, having recognized the worsening situation of illegal reception of data in the data broadcasting market in the PRC, the Group has developed plan to make use of the "Conditional Access" technology to develop our related products and services. The Group envisages that the technology can better safeguard the interests of the Group.

DIRECTORS' INTERESTS IN SHARE CAPITAL

As at 30th September, 2000, the interests of the directors and their associates in the share capital of the Company and the shares of its associated corporations as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance the (“SDI Ordinance”) were as set out below:

Directors	Number of issued ordinary shares of HK\$0.025 each in the Company				
	Personal Interests	Family Interests	Corporate Interests	Other Interests	Total Interests
Mr. Dong Jian Xin	—	—	—	17,190,000(a)	17,190,000
Prof. Li Min Qiang	—	—	—	17,190,000(a)	17,190,000
Mr. Yao Xiao Dong	—	—	—	17,190,000(a)	17,190,000

Notes:

- a) These 17,190,000 shares, together with another 154,710,000 shares, are held by Ultra Challenge Limited (“Ultra Challenge”), the shares of which are in turn held by the HSBC International Trustee Limited on terms of a fixed trust. The beneficiaries of the trust are Mr. Dong Jian Xin, Prof. Li Min Qiang, Mr. Yao Xiao Dong and certain employees of the Group. Accordingly, each of Mr. Dong Jian Xin, Prof. Li Min Qiang and Mr. Yao Xiao Dong is deemed to be interested in 17,190,000 shares by virtue of his 10% interest under the trust.

Save as disclosed above, none of the directors or their associates had any personal, family, corporate or other interests in the securities of the Company or any of its associated corporations as defined in the SDI Ordinance.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

The Company has a share option scheme under which, the directors of the Company may, at their discretion, invite any employee of the Company or any of its subsidiaries, including any executive directors, to take up options to subscribe for shares in the Company. The maximum number of shares in respect of which options may be granted under the share option scheme may not exceed 10% of the issued share capital of the Company. No options had been granted to the directors during the period under review or outstanding as at 30th September, 2000.

Apart from the foregoing, at no time during the period under review was the Company or any of its subsidiaries a party to any arrangement to enable the Company's directors or their associates to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

According to the register maintained by the Company pursuant to Section 16(1) of the SDI Ordinance as at 30th September, 2000, the following interests in the Shares were recorded:

Name	Number of shares held	%
Ultra Challenge Limited (<i>note 1</i>)	171,900,000	54.06
HSBC International Trustee Limited (<i>note 1</i>)	171,900,000	54.06
HSBC Holdings plc (<i>note 2</i>)	171,900,000	54.06
HSBC Finance (Netherlands) (<i>note 2</i>)	171,900,000	54.06
HSBC Holdings B.V. (<i>note 2</i>)	171,900,000	54.06
HSBC Investment Bank Holdings B.V. (<i>note 2</i>)	171,900,000	54.06

Notes:

- (1) The shares in Ultra Challenge Limited are held by HSBC International Trustee Limited on terms of a fixed trust. The beneficiaries of the trust are Mr. Dong Jian Xin, Professor Li Min Qiang, Mr. Yao Xiao Dong, Mr. Tang Bin, Mr. Wang Guangxin, Mr. Zhang Renli, Mr. Li Jiancheng, Ms. Yue Shishuang, Mr. Li Yongchao, Mr. Sun Lianwen, Mr. Ji Songqiao and Ms. Cai Zhipei. None of these beneficiaries had an effective interest amounting to 10% or more of the issued share capital of the Company.
- (2) HSBC Holdings plc, HSBC Finance (Netherlands), HSBC Holdings B.V. HSBC Investment Bank Holdings B.V. are holding companies of HSBC International Trustee Limited and they are therefore interested and/or deemed to be interested through HSBC International Trustee Limited.

Save as disclosed above, no person has notified the Company that it has an interest amounting to 10% or more of the issued share capital of the Company.

COMPETING INTEREST

During the period under review, none of the directors or the substantial shareholders, management shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) had an interest in a business which competes or may compete with the business of the Group.

SPONSOR'S INTEREST

As at 30th September, 2000, Pacific Top Holding Limited, a fellow subsidiary of the Company's sponsor Oriental Patron Asia Limited ("Oriental

Patron”) were interested in 8,100,000 shares of the Company. Save as disclosed herein, none of Oriental Patron, its directors, employees or associates as referred to in Note 3 to rule 6.35 of the GEM Listing Rules had any interest in the shares of the Company as at 30th September, 2000.

Pursuant to the agreement dated 27th September, 1999 entered into between the Company and Oriental Patron, Oriental Patron have received and will receive a fee of acting as the Company’s retained sponsor for the period from 24th January, 2000 to 31st December, 2003.

PURCHASE, SALE AND REDEMPTION OF THE COMPANY’S LISTED 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
Professor Kou Jisong
Chairman

Tianjin, 13th November, 2000

This announcement will remain on the GEM website on the “Latest Company Announcements” page for 7 days from the day of its posting.

* *For identification purposes only*