

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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This circular, 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 circular 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 circular misleading; and (3) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Data Broadcasting Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.



**CHINA DATA
BROADCASTING**

China Data Broadcasting Holdings Limited

(中華數據廣播有限公司)*

(Incorporated in Bermuda with limited liability)

GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

The notice convening the Annual General Meeting to be held at Room 4201-7, COSCO Tower, 183 Queen's Road, Central, Hong Kong on Friday, 26 April, 2002, at 9:30 a.m. is set out on pages 15 to 18 of the Annual Report 2001. The purpose of this circular is to provide shareholders with details of the proposed general mandates to be dealt with at the Annual General Meeting.

A form of proxy for the Annual General Meeting is enclosed with this circular. Whether or not you intend to be present at the Annual General Meeting, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon to Hong Kong Registrars Limited of 2nd Floor, Vicwood Plaza, 199 Des Voeux Road Central, Hong Kong as soon as possible but in any event not less than 48 hours before the time fixed for the Annual General Meeting. The completion of a form of proxy will not preclude you from attending and voting at the Annual General Meeting in person if you so wish.

28 March, 2002

This circular will remain on the GEM website on the "Latest Company Announcement" page for 7 days from the date of its posting and the website of the Company at www.databroadcasting.com.hk

* for identification only.

CHARACTERISTICS OF THE GEM

The GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on the GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on the GEM and the business sectors or countries in which the companies operate. 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 the GEM mean that it is a market more suited to professional and other sophisticated investors.

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

The principal means of information dissemination on the GEM is publication on the internet website of <http://www.hkgem.com> operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on the GEM-listed companies.

DEFINITIONS

In this circular, the following expressions have the following meanings unless the context requires otherwise:

| | |
|---------------------------|--|
| “Annual General Meeting” | the annual general meeting of the Company to be held at Room 4201-7, COSCO Tower, 183 Queen’s Road Central, Hong Kong on 26 April, 2002 at 9:30 a.m. in relation to the financial year of the Company ended on 31 December, 2001 |
| “Annual Report 2001” | the annual report of the Company for the financial year ended 31 December, 2001 |
| “Board” | the board of Directors |
| “Commission” | the Securities and Futures Commission |
| “Company” | China Data Broadcasting Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the securities of which are listed on GEM |
| “Directors” | the directors of the Company |
| “GEM” | the Growth Enterprise Market of the Stock Exchange |
| “GEM Listing Rules” | the Rules Governing the Listing of Securities on GEM |
| “General Mandate” | New Issue Mandate and Repurchase Mandate |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | Hong Kong Special Administrative Region of the People’s Republic of China |
| “Latest Practicable Date” | 27 March, 2002 being the latest practicable date for ascertaining certain information in this circular prior to the printing of this circular |
| “New Issue Mandate” | the general mandate to exercise the power of the Company to allot, issue and otherwise deal with new share not exceeding 20% of the share capital of the Company as at the date of the resolution approving such mandate |
| “Repurchase Mandate” | the general mandate to exercise the power of the Company to repurchase Shares up to a maximum of 10 per cent. of the issued share capital of the Company as at the date of the resolution approving such mandate |

DEFINITIONS

| | |
|--------------------|--|
| “Share(s)” | share(s) of \$0.025 each in the capital of the Company |
| “Shareholder(s)” | holder(s) of Share(s) |
| “Stock Exchange” | the Stock Exchange of Hong Kong Limited |
| “Takeovers Code” | the Hong Kong Code on Takeovers and Mergers |
| “HK\$” and “cents” | Hong Kong dollars and cents respectively |



**CHINA DATA
BROADCASTING**

China Data Broadcasting Holdings Limited

(中華數據廣播有限公司)*

(Incorporated in Bermuda with limited liability)

Executive Directors:

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BU Dong Mei

Professor LI Min Qiang

WANG Guang Xin

YAO Xiao Dong

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Bermuda

Head office and principal place of business:

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Tianjin

PRC

Independent non-executive Directors:

LI Shan Hai

WANG Fu Sun

Hong Kong liaison office:

16th Floor

Hing Yip Commercial Centre

272-284 Des Voeux Road Central

Hong Kong

28 March, 2002

To the Shareholders

Dear Sir or Madam,

GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

INTRODUCTON

At the Annual General Meeting, resolutions will be proposed to grant to the Directors general mandate to allot, issue and deal with new Shares and to repurchase Shares. The Schedule to this circular contains an explanatory statement, as required by Rule 13.08 of the GEM Listing Rules, to provide the requisite information to Shareholders to enable Shareholders to make an informed decision on whether to vote for or against the resolution to grant the General Mandate.

* for identification only.

LETTER FROM CHAIRMAN

GENERAL MANDATE TO ISSUE NEW SHARES

At the Annual General Meeting, an ordinary resolution will be proposed which, if passed, will give the Directors a general and as to confirm mandate to allot, issue and otherwise deal with new shares not exceeding 20% of the share capital of the Company in issue on the date of the resolution. In addition, conditional upon the proposed resolution to authorise the Repurchase Mandate being passed, an ordinary resolution will be proposed to authorise the Directors to allot, issue and otherwise deal with new Shares up to an amount equal to the aggregate nominal amount of the Shares repurchased by the Company in order to provide flexibility for issuing new Shares when it is in the interests of the Company.

REPURCHASE MANDATE

An ordinary resolution will be proposed at the Annual General Meeting to grant to the Directors the Repurchase Mandate, details of which are set out in Resolution No. 5 in the notice of the Annual General Meeting. The Shares which may be repurchased pursuant to the Repurchase Mandate are limited to a maximum of 10 per cent. of the issued share capital of the Company at the date of passing of the resolution approving the Repurchase Mandate.

ANNUAL GENERAL MEETING

The notice convening the Annual General Meeting to be held at Room 4201-7, COSCO Tower, 183 Queen's Road Central, Hong Kong on Friday, 26 April, 2002, at 9:30 a.m. is set out on pages 15 to 18 of the Annual Report 2001. Resolutions No. 4 to 6 relate to the General Mandate and will be proposed as ordinary resolutions at the Annual General Meeting for your consideration and approval.

A form of proxy for the Annual General Meeting is enclosed with this circular. Whether or not you intend to be present at the Annual General Meeting, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon to Hong Kong Registrars Limited of 2nd Floor, Vicwood Plaza, 199 Des Voeux Road Central, Hong Kong as soon as possible but in any event not less than 48 hours before the time fixed for the Annual General Meeting. The completion of a form of proxy will not preclude you from attending and voting at the Annual General Meeting in person if you so wish.

RECOMMENDATION

The Board is of the opinion that the proposals referred to in this circular are in the best interests of the Company and its shareholders and recommend all shareholders to vote in favour of the resolutions relating to the General Mandate to be proposed at the Annual General Meeting.

Yours faithfully,
Professor Kou Jisong
Chairman

SCHEDULE TO LETTER FROM CHAIRMAN

This is an explanatory statement given to all Shareholders relating to the resolution to be proposed at the Annual General Meeting authorising the Repurchase Mandate. This explanatory statement contains all the information required pursuant to Rule 13.08 and other relevant provisions of the GEM Listing Rules and the Stock Exchange.

PROVISIONS OF THE GEM LISTING RULES

The GEM Listing Rules permit a company with a listing on GEM to repurchase its own securities on GEM subject to certain restrictions, the most important of which are summarised below:

(a) *Source of funds*

Repurchases by a company may only be funded out of funds legally available for the purposes in accordance with its constitutive documents and the laws of the jurisdiction in which the company is incorporated or otherwise established. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

(b) *Connected parties*

A company is prohibited from knowingly repurchasing securities on GEM from a “connected person” (as defined in the GEM Listing Rules), which includes a director, chief executive, substantial shareholder or management shareholder of the company or an associate (as defined in the GEM Listing Rules) of any of them, and a connected person is prohibited from knowingly selling his securities to the company.

As at the Latest Practicable Date and to the best knowledge of the Directors having made all reasonable enquiries, none of the Directors or their respective associates (as defined in the GEM Listing Rules) has a present intention, in the event that the Repurchase Mandate is approved by the Shareholders, to sell his Shares to the Company.

No connected persons (as defined in the GEM Listing Rules) have notified the Company that they have a present intention to sell Shares to the Company, or have undertaken not to do so, if the Repurchase Mandate is approved by the Shareholders.

EXERCISE OF THE REPURCHASE MANDATE

As at the Latest Practicable Date, the issued share capital of the Company comprised 318,000,000 Shares.

Subject to the passing of the Resolution No. 5 set out in the notice of the Annual General Meeting and on the basis of 318,000,000 Shares in issue as at the Latest Practicable Date, the Company would be allowed under the Repurchase Mandate to repurchase up to 31,800,000 Shares during the period from the passing of Resolution No. 5 set out in the notice of the Annual General Meeting up to (i) the conclusion of the next Annual General Meeting; or (ii) the expiration of the period within which the next annual general meeting of the Company is required by the memorandum of association and bye-laws of the Company or any applicable laws of Bermuda to be held; or (iii) the rectification, variation or renewal of the Repurchase Mandate by ordinary resolution of the shareholders in a general meeting of the Company, whichever occurs first.

SCHEDULE TO LETTER FROM CHAIRMAN

REASONS FOR REPURCHASES

The Directors believe that it is in the best interests of the Company and its shareholders for the Directors to have a general authority from Shareholders to enable the Company to repurchase shares in the market. Repurchases of shares will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders. Such repurchases may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net value of the Company and its assets or its earnings per share or both.

FUNDING OF REPURCHASES

Any repurchases will only be funded out of funds of the Company legally available for the purposes in accordance with its memorandum of association and bye-laws and the applicable laws of Bermuda. The Company will not purchase securities on GEM for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange.

GENERAL

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in its latest published audited accounts) in the event that the Repurchase Mandate is exercised in full. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

SHARE PRICES

The highest and lowest prices at which the Shares have been traded on GEM in each of the previous twelve months from 1 March, 2001 to 28 February, 2002 were as follows:

| | Shares | |
|----------------|-----------------|----------------|
| | Highest HK\$ | Lowest HK\$ |
| March 2001 | 2.900 | 2.650 |
| April 2001 | 2.750 | 2.550 |
| May 2001 | 2.575 | 2.025 |
| June 2001 | 2.575 | 2.025 |
| July 2001 | 2.700 | 2.450 |
| August 2001 | 2.550 | 2.500 |
| September 2001 | 2.550 | 2.500 |
| October 2001 | 2.500 | 1.990 |
| November 2001 | 2.500 | 1.990 |
| December 2001 | 2.350 | 2.300 |
| January 2002 | 2.450 | 2.275 |
| February 2002 | 2.450 | 2.275 |

SCHEDULE TO LETTER FROM CHAIRMAN

DIRECTORS' UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the GEM Listing Rules, the memorandum of association and bye-laws and the applicable laws of Bermuda.

TAKEOVERS CODE CONSEQUENCES

If the Repurchase Mandate were exercised in full, the percentage shareholding of the substantial shareholders of the Company before and after such repurchase would be as follows:

| | Before repurchase | After repurchase |
|------------------------------------|------------------------------|-----------------------------|
| Substantial Shareholders | | |
| Ultra Challenge Limited | 54.06 | 60.06 |
| HSBC International Trustee Limited | 54.06 | 60.06 |
| HSBC Holdings plc | 54.06 | 60.06 |
| HSBC Finance (Netherlands) | 54.06 | 60.06 |
| HSBC Holdings B.V. | 54.06 | 60.06 |
| HSBC Investment Bank Holdings B.V. | 54.06 | 60.06 |

If as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase may be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a Shareholder, or a group of Shareholders acting in concert, depending on the level of increase of the Shareholder's interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of any such increase.

As at the Latest Practicable Date, to the best of the knowledge and belief of the Company, Ultra Challenge Limited beneficially held 171,900,000 Shares representing 54.06 per cent of the issued share capital of the Company. Based on such shareholding and in the event that the Repurchase Mandate is exercised in full, the shareholding of Ultra Challenge Limited would be increased to 60.06 per cent of the issued share capital of the Company and such increase would not give rise to an obligation to make a mandatory offer under Rule 26 of the Code. The shares in Ultra Challenge Limited are held by HSBC International Trustee Limited on terms of a fixed trust. 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 aforesaid in this circular, the Directors are not aware of any consequences which may arise under the Takeovers Code as a consequence of any purchase made under the Repurchase Mandate.

SHARES REPURCHASES BY THE COMPANY

The Company had not purchased any of its Shares (whether on GEM or otherwise) during the six months prior to the Latest Practicable Date.