



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)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTH ENDED 31 MARCH 2004

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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.

* For identification purpose only

HIGHLIGHTS

The Group's consolidated turnover for the three month period ended 31 March 2004 was increased by 270 times to HK\$87.8 million approximately, and the Group achieved net profit of HK\$3.5 million approximately.

The Group's financial position is strong and its cash and bank balance was HK\$11 million approximately as at 31 March 2004.

RESULTS

The board of directors 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 month period ended 31 March 2004, together with the comparative figures for the corresponding period of last year, as follows:

	<i>Notes</i>	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
TURNOVER	<i>1</i>	87,757	323
Cost of sales		<u>(82,019)</u>	<u>(298)</u>
Gross profit		5,738	25
Other revenue and gains		2	2
Administrative expenses		<u>(2,247)</u>	<u>(1,736)</u>
OPERATING PROFIT/(LOSS) BEFORE TAX		3,493	(1,709)
Tax	<i>2</i>	<u>(23)</u>	<u>–</u>
PROFIT/(LOSS) BEFORE MINORITY INTERESTS		3,470	(1,709)
Minority interests		<u>–</u>	<u>81</u>
NET PROFIT/(LOSS) FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		<u>3,470</u>	<u>(1,628)</u>
EARNINGS/(LOSS) PER SHARE	<i>3</i>		
Basic		<u>1.09 cents</u>	<u>(0.51) cents</u>
Diluted		<u>1.08 cents</u>	<u>N/A</u>

Notes:

1. TURNOVER

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

2. Tax

Hong Kong profits tax has been provided at the rate of 17.5% on the estimated assessable profits arising in Hong Kong during the period.

Under the Income Tax Law of the PRC, the Company's subsidiary, Tianjin AVD Electron Co., Ltd. ("Tianjin AVD") is subject to state income tax of 24% and local income tax of 3%. Pursuant to an approval document issued by Tianjin High-tech Industry Park State Tax Bureau, Tianjin AVD is exempt from state income tax for the first two years of operation and thereafter, is entitled to a 50% relief from state income tax for the third to fifth years inclusive, starting from 2000 when it first became profitable in accordance with relevant accounting principles generally accepted in the PRC and the relevant Income Tax Law of the PRC. Tianjin AVD is also exempt from local income tax for the first five years of operation, starting from 2000 when it first became profitable.

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

3. Earning/(Loss) per share

The calculation of basic earnings/(loss) per share is based on the net profit attributable to shareholders for the period of HK\$3,470,000 (2003: net loss of HK\$1,628,000), and the weighted average of 318,000,000 (2003: 318,000,000) ordinary shares in issue during the period.

The calculation of diluted earnings per share is based on the net profit attributable to shareholders for the period of HK\$3,470,000. The weighted average number of ordinary shares used in the calculation is the 318,000,000 ordinary shares in issue during the period, as used in the basic earnings per share calculation; and the weighted average of 3,658,835 ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options during the period.

Diluted loss per share amounts for the period ended 31 March 2003 has not been disclosed as no diluting events existed during that period.

4. Reserves

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

DIVIDENDS

The directors do not recommend the payment of any dividend for the period (2003: Nil).

BUSINESS REVIEW

During the period, the Group engaged in sourcing and procurement business in the consumer electronic industry (the "Procurement Business") and the data broadcasting business in the PRC. The Group has achieved a substantial growth in the operational results for the three months ended 31 March 2004 in which the Group has accomplished a revenue of approximately HK\$87.8 million and a net profit of approximately HK\$3.5 million.

As regards the Procurement Business, the Group deployed more resources to develop the existing Procurement Business and explore further business opportunities during the period. The turnover and profit contribution derived from the Procurement Business during the period amounted to HK\$87.6 million and HK\$4.5 million. In the first quarter of 2003, the Group had no revenue generated from the Procurement Business as no renewal of agreement with the connected party was made after its expiry on 31 December 2002. The rapid growth in the Procurement Business enlarge income stream of the Group and make the Group achieve profit in this quarter.

As regards the data broadcasting business in the PRC, the prolonged depression of the PRC stock market, and the intense competition created deteriorating market of data broadcasting business in the PRC. During the quarter, the Group adopted the prudent attitude towards the market demand and had scaled down certain of business activities such as launching and provision of certain new products and systems, signing co-operative agreements with TV network operations and content providers, etc. The turnover derived from the data broadcasting business for the quarter was decreased by 57% to HK\$0.1 million, compared with last year, which led to the operating loss in this business for the period.

The Group's financial position was strong as at 31 March 2004 and the cash and bank balance was HK\$11 million approximately.

OUTLOOK

As regards the Procurement Business, the Board believes that the development of the Procurement Business in the consumer electronic industry is indeed an appropriate approach to building up a steady and considerable income stream of the Group. In addition, the management possess extensive experience and knowledge in the consumer electronic industry which is a vital and beneficial to further develop the existing Procurement Business and 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 determines to put more resources to develop the Procurement Business and explore further business opportunities in the consumer electronic industry and is confident that more revenue from the business relating to the consumer electronic products will be brought to the Group this year.

As regards the data broadcasting business in the PRC, the management realized that the Group indeed experiences the deteriorating market demand and encounters severe difficulties in the market, especially the fierce competitions, which is believed to persist in near future. Accordingly, the Board will continue to adopt the prudent attitude towards investing resources to develop products and its sale and after-sale network. Moreover, the Board may consider to take measures to extract values of the Group's data broadcasting business, not excluding the possible disposal, for the best interest of the Group.

DIRECTORS' INTERESTS IN THE COMPANY

As at 31 March 2004, 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 of Hong Kong Limited (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. David Ji Long Fen ("Mr. Ji") (notes 1 and 2)	149,297,340	Interest of a controlled corporation	Corporate	47.0
	57,700,000	Beneficial owner	Personal	18.1
Mr. Ancle Hsu Ann Keh ("Mr. Hsu") (note 1)	149,297,340	Interest of a controlled corporation	Corporate	47.0

Notes:

- (1) Apex Digital Inc., ("Apex Digital") is beneficially owned as to 65% by Mr. Ji and 35% by United Delta Inc., ("United Delta"), a private corporation incorporated in the USA and which is equally owned by Mr. Ji and Mr. Hsu. Accordingly, each of Mr. Hsu and Mr. Ji is deemed to be interested in the 149,297,340 shares owned by Apex Digital.
- (2) In addition to Mr. Ji's deemed interest in the 149,297,340 shares held by Apex Digital, Mr. Ji is interested in another 57,700,000 shares held by him directly, and is therefore interested in a total of 206,997,340 shares.

Save as disclosed in this paragraph, as at 31 March 2004, 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 report.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE COMPANY

As at 31 March 2004, 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 10% 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 Shareholder	Capacity	Number of Shares	Approximate percentage of interest %
Apex Digital (<i>note 1</i>)	Beneficial owner	149,297,340	47.0
United Delta (<i>note 1</i>)	Interest of a controlled corporation	149,297,340	47.0
Mr. Ji (<i>notes 1 and 2</i>)	Interest of a controlled corporation	149,297,340	47.0
	Beneficial owner	57,700,000	18.1
Mr. Hsu (<i>note 1</i>)	Interest of a controlled corporation	149,297,340	47.0
Ms. Liu Ruying (<i>note 3</i>)	Family interest	206,997,340	65.1
Ms. Susan Chang (<i>note 4</i>)	Family interest	149,297,340	47.0
Mr. Xu Gaohui	Beneficial owner	22,350,000	7.0
Mr. Mark Lau	Beneficial owner	15,900,000	5.0

Notes:

- (1) Apex Digital is beneficially owned as to 65% by Mr. Ji and 35% by United Delta, a private corporation incorporated in the USA and which is equally owned by Mr. Ji and Mr. Hsu. Accordingly, each of Mr. Hsu and Mr. Ji is deemed to be interested in the 149,297,340 shares owned by Apex Digital.
- (2) In addition to Mr. Ji's deemed interest in the 149,297,340 shares held by Apex Digital, Mr. Ji is interested in another 57,700,000 shares held by him directly, and is therefore interested in a total of 206,997,340 shares.
- (3) 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 206,997,340 shares in which Mr. Ji is interested.
- (4) Ms. Susan Chang is the spouse of Mr. Hsu and, under Section 316 of the SFO, is therefore deemed to be interested in all 149,297,340 shares in which Mr. Hsu is interested.

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 10% 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, the executive directors of the Company, and is beneficially owned as to 65% by Mr. Ji and the remaining 35% by United Delta, which is equally owned by Mr. Ji and Mr. Hsu. Apex Digital is principally engaged in the wholesaling business of consumer home electronics items under the name of “APEX Digital”.

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 RULES 5.34 TO 5.45 OF THE GEM LISTING RULES

The Company had complied throughout the period under review the minimum standards of good practice concerning the general management responsibilities of the board of directors as set out in Rules 5.34 to 5.45 of the GEM Listing Rules.

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
David Ji Long Fen
Chairman

Hong Kong, 12 May 2004

As at the date of this announcement, the executive directors of the Company are Mr. David Ji Long Fen, Mr. Ankle Hsu Ann Keh, Prof. Kou Ji Song and Ms. Alice Hsu Chu Yun and the independent non-executive directors are Mr. Li Shan Hai and Mr. Wang Fu Sun.

This announcement will appear on the GEM website at <http://www.hkgem.com> on the “Latest Company Announcement” page for at least 7 days from the day of its posting thereon.