



CHINA DATA BROADCASTING HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Interim Report

2005

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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 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.

RESULTS

The board of directors 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 Group's consolidated turnover for the six months period ended 30 June 2005 was decreased by 4.95 times to HK\$30.2 million, this due to fierce competition in the consumer electronic market, effect of dispute between Sichuan Changhong Electric Co. Ltd. and substantial shareholder (Apex Digital Inc.) of the Company and the macro-economic adjustment from the PRC government. A net loss amounted to approximately HK\$1.7 million was recorded for the six months period ended 30 June 2005.

The unaudited condensed interim accounts of the Group for the three months and six months ended 30 June 2005, together with the comparative figures for the corresponding period of last year, as follows:

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Note	For three months ended 30 June		For six months ended 30 June	
		2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Turnover		21,044	92,110	30,240	179,867
Cost of sales		(20,005)	(85,168)	28,336	(167,187)
Gross profit		1,039	6,942	1,904	12,680
Other revenue		46	321	71	323
Selling and distribution costs		-	-	-	-
Administrative expenses		(2,184)	(2,693)	(2,922)	(4,940)
Operating (loss)/profit before tax	3	(1,099)	4,570	(947)	8,063
Tax	4	(752)	(206)	(752)	(229)
(Loss)/Profit before minority interests		(1,851)	4,364	(1,699)	7,834
Minority interests		-	-	-	-
(Loss)/Profit attributable to shareholders		<u>(1,851)</u>	<u>4,364</u>	<u>(1,699)</u>	<u>7,834</u>
(Loss)/Earnings per share					
Basic (HK cents)	5	<u>(0.58)</u>	<u>1.37</u>	<u>(0.53)</u>	<u>2.46</u>
Diluted (HK cents)	5	<u>N/A</u>	<u>1.36</u>	<u>N/A</u>	<u>2.44</u>

CONSOLIDATED BALANCE SHEET

		(Unaudited) 30 June 2005 HK\$'000	(Audited) 31 December 2004 HK\$'000
NON-CURRENT ASSETS			
Fixed assets		800	1,093
Intangible assets		–	–
		<u>800</u>	<u>1,093</u>
CURRENT ASSETS			
Amounts due from a substantial shareholder		982	48
Inventories		1,282	625
Trade and bills receivables	6	217	17,713
Prepayments, deposits and other receivables		8,042	202
Pledged deposits		180	180
Cash and cash equivalents		9,580	17,014
		<u>20,283</u>	<u>35,782</u>
CURRENT LIABILITIES			
Trade and bills payables	7	331	13,871
Tax payable		5,745	5,964
Other payables and accruals		370	704
Amounts due to related companies		–	–
		<u>6,446</u>	<u>20,539</u>
NET CURRENT ASSETS		<u>13,837</u>	<u>15,243</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		14,637	16,336
MINORITY INTERESTS		–	–
		<u>14,637</u>	<u>16,336</u>
CAPITAL AND RESERVES			
Issued capital		7,950	7,950
Reserves		6,687	8,386
		<u>14,637</u>	<u>16,336</u>

CONSOLIDATED SUMMARY STATEMENT OF CHANGES IN EQUITY

	For the six months ended 30 June	
	2005	2004
	<i>HK\$'000</i>	<i>HK\$'000</i>
Total equity at 1 January	16,336	17,882
Exchange realignment	<u>–</u>	<u>13</u>
Exchange losses not recognised in the profit and loss account	–	13
Net (losses)/gains for the period attributable to shareholders	<u>(1,699)</u>	<u>7,834</u>
Total equity at 30 June	<u>14,637</u>	<u>25,729</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS – UNAUDITED

	For the six months ended 30 June	
	2005	2004
	<i>HK\$'000</i>	<i>HK\$'000</i>
NET CASH (OUTFLOW)/ INFLOWS FROM OPERATING ACTIVITIES	<u>(7,434)</u>	<u>3,290</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	–	(229)
Decrease in time deposits with original maturity of more than three months	–	2,134
	<u>–</u>	<u>1,905</u>
Net cash inflow from investing activities	<u>–</u>	<u>1,905</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital reduction to minority shareholder of a subsidiary	–	–
	<u>–</u>	<u>–</u>
Net cash outflow from financing activities	<u>–</u>	<u>–</u>
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS	(7,434)	5,195
Cash and cash equivalents at beginning of year	17,194	8,158
	<u>17,194</u>	<u>8,158</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	9,760	13,353
	<u>9,760</u>	<u>13,353</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	9,760	13,353
	<u>9,760</u>	<u>13,353</u>

Notes:

1. PRINCIPAL ACCOUNTING POLICIES

The unaudited consolidated condensed interim accounts (the "Interim Accounts") are prepared in accordance with Hong Kong Statements of Standard Accounting Practice ("HKSSAP") No.25 "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 by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other business segments. Summary details of the business segments are as follows:

- (a) the trading of consumer electronic products and the relevant parts and components;
- (b) the manufacture and sale of the data broadcasting hardware and software; and
- (c) the provision of data broadcasting and related services.

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets. No intersegment sales and transfers were transacted during the period (2004: Nil).

As regards the data broadcasting business in the PRC, under the commercial consideration; the Group sold this business to third party in the end of year 2004, no business segment and geographical segment revenue derived from the data broadcasting business for the period ended 30 June 2005, compared with the corresponding period ended 30 June 2004 amounted to HK\$28,000 and HK\$0.2 million respectively.

2. SEGMENT INFORMATION (Continued)

(a) Business segments

The following tables present revenue and profit/(loss) information for the Group's business segments.

Group

	Trading of consumer electronic products and the related parts and components		Manufacture and sale of data broadcasting hardware and software		Provision of data broadcasting and related services		Total	
	2005	2004	2005	2004	2005	2004	2005	2004
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:								
Sales to external customers	<u>30,240</u>	<u>179,643</u>	<u>-</u>	<u>196</u>	<u>-</u>	<u>28</u>	<u>30,240</u>	<u>179,867</u>
Segment results	<u>1,904</u>	<u>12,487</u>	<u>-</u>	<u>(76)</u>	<u>-</u>	<u>(19)</u>	<u>1,904</u>	<u>12,392</u>
Interest income and unallocated gains							71	323
Unallocated corporate expenses							<u>(2,922)</u>	<u>(4,652)</u>
Operating (loss)/profit before tax							<u>(947)</u>	8,063
Tax							<u>(752)</u>	<u>(229)</u>
(Loss)/profit before minority interests							<u>(1,699)</u>	7,834
Minority interests							<u>-</u>	<u>-</u>
Net (loss)/profit from ordinary activities attributable to shareholders							<u>(1,699)</u>	<u>7,834</u>

(b) Geographical segments

The following tables present revenue information for the Group's geographical segments:

Group

	Hong Kong		Mainland China		United States of America		Total	
	2005	2004	2005	2004	2005	2004	2005	2004
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:								
Sales to external customers	<u>11,088</u>	<u>122,130</u>	<u>-</u>	<u>224</u>	<u>19,152</u>	<u>57,513</u>	<u>30,240</u>	<u>179,867</u>

3. OPERATING (LOSS)/PROFIT BEFORE TAX

The Group's operating (loss)/profit before tax is arrived at after charging:

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Cost of inventories sold	28,336	167,187
Depreciation	96	100
Amortisation of an intangible asset	<u>197</u>	<u>45</u>

4. TAX

Taxes 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 June 2005.

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

5. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share for the three months and six months ended 30 June 2005 were based on the net losses attributable to shareholders of HK\$1,851,000 (2004: net profit of HK\$4,364,000) for the three months ended 30 June 2005 and the net losses attributable to shareholders of HK\$1,699,000 (2004: net profit of HK\$7,834,000) for the six months ended 30 June 2005 and on 318,000,000 (2004: 318,000,000) ordinary shares in issue during the three months and six months ended 30 June 2005.

For the period under review, no diluted earnings per share was presented as there was no potential ordinary shares in issue.

The calculation of diluted earnings per share for the three months and six months ended 30 June 2004 were based on the net profits attributable to shareholders for the three months ended 30 June 2004 of HK\$4,364,000 and for the six months ended 30 June 2004 of HK\$7,834,000. The weight average number of ordinary shares used in the calculation is the 318,000,000 ordinary shares in issue during the three months and six months ended 30 June 2004, as used in the basic earnings per share calculation; and the respective weight average of 2,203,113 and 2,989,390 ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options during the three months and six months ended 30 June 2004.

6. TRADE AND BILLS RECEIVABLES

The Group's 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:

	Group	
	2005	2004
	HK\$'000	<i>HK\$'000</i>
Within 3 months	–	17,514
4 to 6 months	–	71
7 to 12 months	–	128
Over 1 year	217	–
	<hr/>	<hr/>
	217	17,713
Less: Provision for doubtful debts	–	–
	<hr/>	<hr/>
	217	17,713
Bills receivables	–	–
	<hr/>	<hr/>
	217	17,713
	<hr/> <hr/>	<hr/> <hr/>

Bills receivables have maturity dates within two months.

7. TRADE AND BILLS PAYABLES

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

	Group	
	2005	2004
	HK\$'000	<i>HK\$'000</i>
Within 3 months	221	13,871
7 to 12 months	110	–
Over 1 year	–	–
	<hr/>	<hr/>
	331	13,871
Bills payables	–	–
	<hr/>	<hr/>
	331	13,871
	<hr/> <hr/>	<hr/> <hr/>

Bills payables have maturity dates within two months.

8. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 28 December 2005.

DIVIDENDS

The directors do not recommend the payment of any dividend for the period ended 30 June 2005 (2004: 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 recorded a loss results for the six months ended 30 June 2005, the Group has accomplished a revenue of approximately HK\$30.2 million and a net losses of approximately HK\$1.7 million.

As regards the Procurement Business, the Group deployed more resources to secured transactions for the Procurement Business with independent manufacturers and customers and explore further business opportunities during the period. The turnover and contribution derived from the Procurement Business for the six months ended 30 June 2005 amounted to HK\$30.2 million and HK\$1.9 million. While the turnover and contribution derived from the Procurement Business for the corresponding period ended 30 June 2004 amounted to HK\$179.6 million and HK\$12.5 million.

As regards the data broadcasting business in the PRC, under the commercial consideration; the Group sold this business to third party in the end of year 2004, no turnover derived from the data broadcasting business for the period ended 30 June 2005, compared with the corresponding period ended 30 June 2004 amounted to HK\$0.2 million.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's financial and liquidity positions are healthy and stable. As at 30 June 2005, the Group is debt-free and its cash and bank balances amount to HK\$9.8 million. Net current assets of the Group was approximately HK\$13.8 million. The management is confident that the Group's financial resources sufficient to finance its day-to-day operation.

The Group's monetary assets and liabilities and transactions are principally denominated in Hong Kong dollars, Renminbi and United States dollars. As the exchange rate between Hong Kong dollars and United States dollars is pegged, together with the minimal fluctuation in the exchange rate between Hong Kong dollar and Renminbi, the Group believes its exposure to exchange risk to be minimal.

EMPLOYMENT AND REMUNERATION POLICY

As at 30 June 2005, the total number of staff of the Group in the Mainland and Hong Kong was about 10. 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 and provides similar schemes for its employees in the mainland. Details of retirement benefit scheme are set out in the Group's 2003 Annual Report.

The Group established a Share Option Scheme to reward its employees for their individual performances. For the six months ended 30 June 2005, the 12,000,000 share options which were granted to its employees has been elapsed.

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 Group determines to put more resources to develop the Procurement Business and explore further business opportunities in the consumer electronic industry and is confident that the business will set back on the track as the uncertainty is cleared.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 30 June 2005, 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 in ordinary shares of the Company:

Name of director	Notes	Number of shares held, capacity and nature of interest		Total	Percentage of the Company's issued share capital
		Directly Beneficially owned	Through controlled corporation		
Mr. David Ji Long Fen ("Mr. Ji")	(a) & (b)	57,700,000	165,197,340	222,897,340	70.1
Mr. Ancia Hsu Ann Keh ("Mr. Hsu")	(a)	-	165,197,340	165,197,340	52.0

Notes:

- (a) Apex Digital Inc., ("Apex Digital") is controlled by Mr. Ji and 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 165,197,340 shares owned by Apex Digital.
- (b) In addition to Mr. Ji's deemed interest in the 165,197,340 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 222,897,340 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.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE COMPANY

At 30 June 2005, 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	Notes	Capacity and nature of interest	Number of the ordinary shares held	Percentage of Company's issued share capital %
Apex Digital	(a)	Directly beneficially owned	165,197,340	52.0
United Delta	(a)	Through a controlled corporation	165,197,340	52.0
Mr. Ji	(a) & (b)	Through a controlled corporation	165,197,340	52.0
		Directly beneficially owned	57,700,000	18.1
Mr. Hsu	(a)	Through a controlled corporation	165,197,340	52.0
Ms. Liu Ru Ying	(c)	Through spouse	222,897,340	70.1
Ms. Susan Chang	(d)	Through spouse	165,197,340	52.0
Mr. Xu Gao Hui		Directly beneficially owned	22,350,000	7.0

Notes:

- (a) Apex Digital is controlled by Mr. Ji and 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 165,197,340 shares owned by Apex Digital.
- (b) In addition to Mr. Ji's deemed interest in the 165,197,340 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 222,897,340 shares.
- (c) 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 222,897,340 shares in which Mr. Ji is interested.
- (d) Ms. Susan Chang is the spouse of Mr. Hsu and, under Section 316 of the SFO, is therefore deemed to be interested in all 165,197,340 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 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, the executive directors of the Company, and is controlled by Mr. Ji and United Delta, a private corporation incorporated in the USA and 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 CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standard of corporate governance practices. The Board considers such commitment essential in balancing the interest of shareholders, customers and employees; and in upholding accountability and transparency.

The Company has complied with the code provisions (the "Code") set out in the Code on Governance Report contained in Appendix 15 to the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (the "Rules") throughout the six months ended 30 June 2005, except for the following deviations:

(1) Board of directors

The Company has not complied with the requirement to appoint a sufficient number of independent non-executive director as set out in Rules 5.05 throughout the reporting period as all the independent non-executive directors resigned. The Company will search suitable candidate to fill the vacancies as practicable as possible.

(2) Chairman and chief executive officer

The Company has not complied with the requirement to appoint different individual to act as chairman and chief executive officer as set out in 2(c)(vii) and 2(d) of Appendix 16 in Corporate Governance Report (the "Report"). The Board considers that this structure will not impair the balance of power and authority between the Board and the Management of the Company. The Board believes that this arrangement is conducive to strong and consistent leadership, enabling the Company to make and implement decisions promptly and efficiently. The Board believes that the appointment of Mr. David Ji is beneficial to the business prospects of the Company.

(3) Remuneration and nomination of committees

The Company has not complied with the requirement to establish remuneration committee and nomination committee as set out in Rules 18.28 and 18.29A throughout the reporting period. The Company will set up the committees as practicable as possible.

(4) Audit committee

The Company has not complied with the requirement as set out in the Rule 5.28 since all the independent non-executive directors resigned. The Company will search suitable candidate to fill the vacancies of the 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
David Ji Long Fen
Chairman

Hong Kong, 28 December 2005

At the date of this report, the executive directors of the Company are Mr. David Ji Long Fen, Mr. Anle Hsu Ann Keh, and Ms. Alice Hsu Chu Yun. There is no independent non-executive director appointed at the date of this report.