



THIRD
QUARTERLY
REPORT
2011



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 (the “Company”) 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 the Company. 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 2011 was slightly increased approximately by 6.28% to HK\$1,994.15 million comparing with that for the same period in 2010. The Group achieved a net profit of approximately HK\$7.69 million which was decreased by approximately 56.68% comparing with that for the same period of year 2010. This was due to the fierce competition in the industry, the effect of inflations in the Group's business markets and the unstable global economic and politic environments.

RESULTS

The board of directors (the "Board") of 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 2011, together with the comparative figures for the corresponding period of last year, as follows:

	Note	For three months ended 30 September		For nine months ended 30 September	
		2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
Turnover	1	835,125	670,020	1,994,146	1,876,273
Cost of sales		(817,902)	(660,513)	(1,960,776)	(1,845,309)
Gross profit		17,223	9,507	33,370	30,964
Other revenue		67	36	225	2,466
Administrative expenses		(9,266)	(2,317)	(16,915)	(7,914)
Distribution and selling expenses		(1,821)	(1,318)	(4,906)	(4,513)
Profit from operation		6,203	5,908	11,774	21,003
Finance cost		(1,152)	(1,328)	(4,075)	(3,230)
Profit before taxation		5,051	4,580	7,699	17,773
Taxation	2	-	-	(6)	(6)
Net profit after taxation		5,051	4,580	7,693	17,767
Profit per share	3				
Basic (HK cents)		1.51	1.44	2.30	5.59
Diluted (HK cents)		N/A	N/A	N/A	N/A

Notes:

1. TURNOVER

Turnover represents the invoiced value of goods sold, net of discounts and sales related taxes.

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, interpretations and practices in respect thereof.

Hong Kong profits tax is calculated at 16.5% (2010: 16.5%) of the estimated assessable profit for the period ended 30 September 2011 (2010: Nil).

The Group has unused tax losses and other deductible temporary difference of approximately HK\$23,457,000 and HK\$529,000 respectively available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. The unrecognised tax losses may be carried forward indefinitely.

3. PROFIT PER SHARE

The calculation of basic profit per share for the three months and nine months ended 30 September 2011 were based on the net profits attributable to shareholders of HK\$5,051,000 (2010: HK\$4,580,000) for the three months ended 30 September 2011 and the net profit attributable to shareholders of HK\$7,693,000 (2010: HK\$17,767,000) for the nine months ended 30 September 2011 and on 334,000,000 (2010: 318,000,000) ordinary shares in issue during the three months and nine months ended 30 September 2011.

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

4. RESERVES

During the period, there was a movement to the 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 director of the Company), Mr. Anle Hsu Ann Keh (a former executive directors of the Company), Apex Digital Inc. ("Apex Digital", a former substantial shareholder which is wholly owned by Mr. Ji), United Delta Inc. (a former beneficial shareholder) and an individual (collectively known as the "Defendants"). The Defendants were claimed damages for patent infringement for the distribution of unlicensed DVD products within the USA.

On 2 August 2007, a settlement has been reached between the plaintiffs and the defendants and the proceedings were dismissed without prejudice. Pursuant to the terms of the settlement, Apex Digital is to pay a total amount of US\$3,284,000 to the plaintiffs 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 30 September 2011, Apex Digital has paid the amount of US\$2,300,000.

DIVIDENDS

The directors do not recommend the payment of any dividend for the period ended 30 September 2011 (2010: Nil).

AUDIT COMMITTEE

The Audit Committee has reviewed the Group's results for the period ended 30 September 2011 and has provided advice and comments thereon.

BUSINESS REVIEW

During the period, the Group engaged in trading business in the consumer electronic industry (the "Trading Business"). A reasonable operating results for the nine months ended 30 September 2011 has been achieved, the Group has accomplished a revenue of approximately HK\$1,994.15 million and a net profit of approximately HK\$7.69 million.

The Company raised a legal suit on 17 October 2008 at Shanghai in People's Republic of China ("PRC") against Apex Digital (Shanghai) Co., Limited (a subsidiary of former substantial shareholder, Apex Digital) for the collection of the repayment of approximately HK\$6,640,000 which happened by the end of year 2006. On 17 April 2009, the suit has been trailed by the court ordering Apex Digital (Shanghai) Co., Limited repay the said amount. Up to the date of this report, no actual progress has been made in the collection of the repayment.

In addition, after continuing efforts by the Company, the service deposit of approximately HK\$2,496,000 owed by Ms. Fei Liqiong (an American) has been partially set off in November 2010.

OUTLOOK

As the Company has established stable clientele bases of suppliers and customers, and the global economy is recovering. The Company is confident that the Trading Business in the consumer electronic industry will build up a steady and considerable income stream of the Group. The management will put more efforts to explore further business opportunities in this industry, such as trading of finished goods/parts and components of televisions, set top boxes, fridges, notebooks and other products. The Board believes that the business will keep on the track and will continue to improve in the near future.

PURCHASE, REDEMPTION AND SALE OF LISTED SECURITIES OF THE COMPANY

During the period under review, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

INTERESTS OF THE DIRECTORS IN THE COMPANY

As at 30 September 2011, 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 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 Shares

Name of Director	Number of Shares	Capacity	Type of Interest	Approximate percentage of interest %
Mr. Ji	44,520,000	Beneficial owner	Personal	13.33

Save as disclosed in this paragraph, as at 30 September 2011, 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 THE SUBSTANTIAL SHAREHOLDERS IN THE COMPANY

As at 30 September 2011, 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 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 in Shares

Name of substantial shareholder	Capacity	Number of Shares	Approximate percentage of interest %
Sichuan Changhong Electric Co., Limited ("Changhong") and its subsidiary (Note (a))	Directly beneficially owned	95,368,000	33.34
Sichuan Investment Management Company Limited	Directly beneficially owned	83,009,340	24.85
Mr. Ji	Directly beneficially owned	44,520,000	13.33
Ms. Liu Ru Ying (Note (b))	Through spouse	44,520,000	13.33

Note:

- (a) On 11 May 2011, Changhong (Hong Kong) Trading Limited (ie. subsidiary of Changhong) subscribed 16,000,000 shares of the Company.
- (b) 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.

Save as disclosed in this paragraph, as at 30 September 2011, 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 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".

Changhong is a substantial shareholder of the Company which 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".

Save as disclosed in this paragraph, none of the directors or the management shareholders of the Company (as defined in the GEM Listing Rules) 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 GEM Listing Rules.

By Order of the Board
Yu Xiao
Chairman

Hong Kong, 4 November 2011

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