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**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)

### **CHANGE IN SHAREHOLDING OF CONTROLLING SHAREHOLDERS**

On 8 September 2006 Apex Digital has transferred 95,368,000 Shares to Changhong representing approximately 29.99% of the issued share capital of the Company. Changhong is a company listed in Shanghai Stock Exchange with stock code 600839. Apex Digital and Changhong were commercial partners in trading the consumer electronic products. And that Changhong intends to appoint 3 executive directors at the company.

As at the date of this Announcement, Apex Digital and Changhong respectively interested 21.96% and 29.99% interest in the issued share capital of the Company.

The Shares were suspended trading on the Stock Exchange with effect from 9:31 a.m. on 28 December 2004 and remain suspended pending further announcement in respect of the matters relating to the announcement dated 25 January 2005 and release of result announcements and publication of first quarterly and interim reports for the period ended 31 March 2006 and 30 June 2006 respectively.

#### **Background**

As stated in 25 January 2005 announcement, the controlling shareholders Apex Digital and Mr. Ji have a commercial dispute with Changhong. Changhong had been one of the suppliers to the Group and Apex Digital had no business transaction with the Group for the past two years.

Pursuant to a joint press release by Apex Digital, Changhong and Mr. Ji dated 24 April 2006 and an announcement made by Changhong on 21 April 2006, Apex Digital, Changhong and Mr. Ji had entered into certain settlement arrangements.

The background is as follows:

- Changhong has instituted legal claim against Apex Digital in State of California, United States in relation to certain amount due from Apex Digital;
- Apex Digital then counter sued against Changhong;
- Apex Digital agreed that it owed Changhong an amount of US\$170 million;
- On 11 April 2006, Mr. Ji, Apex Digital and Changhong entered into various agreements, which laid down a framework for the settlement of their disputes and of Apex Digital's US\$170 million outstanding liability to Changhong;
- On 14 April 2006, after Mr. Ji, Apex Digital and Changhong had entered into the settlement agreement, the Court issued an order staying all litigation proceedings, in light of the parties' execution of a settlement agreement and to provide the parties an opportunity to complete the various asset transfers contemplated under the settlement agreement;
- On 6 July 2006, the Court dismissed the lawsuit without prejudice to the rights of the parties to reassert their claims at a later time; and
- The transfer of shares in the Company by Apex Digital to Changhong as set out in the announcement is part of the implementation of the settlement framework.

### **Changes of interests of controlling shareholders**

Pursuant to the disclosure of interests form filed by each of Apex Digital and Changhong, Apex Digital has transferred 95,368,000 Shares to Changahong representing approximately 29.99% of the issued share capital of the Company on 8 September 2006. Changhong is a company listed in Shanghai Stock Exchange with stock code 600839. Apex Digital and Changhong are commercial partners in trading the consumer electronic products. And that Changhong intends to appoint 3 executive directors at the company.

As at the date this Announcement, the shareholding of the Company is set out as below:

Name of shareholders	Before the Subject Share Transfer		After the Subject Share Transfer	
	Numbers of the Company Shares	Approximate percentage (%)	Numbers of the Company Shares	Approximate percentage (%)
<b>Substantial Shareholders</b>				
Changhong	0	0	95,368,000	29.99
Apex Digital	165,197,340	51.95	69,829,340	21.96
Mr. Ji	57,700,000	18.14	57,700,000	18.14
Sub total	222,897,340	70.09	222,897,340	70.09
<b>Public shareholder</b>				
Mr. Xu Gaohui*	22,350,000	7.03	22,350,000	7.03
Other public	72,752,660	22.88	72,752,660	22.88
	318,000,000	100.00	318,000,000	100.00

Notes:

\* Mr. Xu Gaohui is previously a senior executive of the Company and left the Company on 1 June 2005.

### Suspension of trading

The Shares were suspended trading on the Stock Exchange with effect from 9:31 a.m. on 28 December 2004 and remain suspended pending further announcement in respect of the matters relating to the announcement dated 25 January 2005 (which the disclosure of the dispute between Apex Digital Inc. and Changhong) and release of result announcements and publication of first quarterly and interim reports for the period ended 31 March 2006 and 30 June 2006 respectively.

### Definition

“Apex Digital”	Apex Digital Inc., a company incorporated in California, United States of America and the substantial shareholder of the Company, owning approximately 21.96% of the total issued capital of the Company and is beneficially owned by Mr. Ji, and United Delta Inc.
“Changhong”	Sichuan Changhong Electric Co. Limited, a company incorporated in the PRC and whose shares are listed on the Shanghai Stock Exchange. Its controlling shareholder is Sichuan Changhong Electronics Group Co., Ltd.
“Company”	China Data Broadcasting Holdings Limited, a company incorporated in Bermuda with limited liabilities and whose shares are listed on GEM

“GEM”	Growth Enterprise Market of the Stock Exchange
“Shares”	Ordinary share(s) of HK\$0.025 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Mr. Ji”	Mr. David Ji Long Fen, the co-founder and president of Apex Digital and the controlling shareholder of Apex Digital. Mr. Ji is also a director and chairman of the Company and is directly and indirectly interested in 40.10% of the issued capital of the Company after the completion of the transfer
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong Special Administrative Region of the People’s Republic of China

For and on behalf of  
**China Data Broadcasting Holdings Limited**  
**David Ji Long Fen**  
*Chairman*

Hong Kong, 11 October 2006

*As at the date of this announcement, the Board comprises Mr. David Ji Long Fen and Ms. Alice Hsu Chu Yun as executive directors.*

*This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) 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.*

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\* *For identification purposes only*