

DATED 7 DECEMBER 2012

THE PERSONS LISTED IN THE SCHEDULE

and

CHINA DATA BROADCASTING HOLDINGS LIMITED

DEED OF NON-COMPETITION

SIDLEY AUSTIN
SIDLEY

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THIS DEED is made on the 7th day of December 2012

BY AND BETWEEN

- (A) **THE PERSONS** listed in Schedule 1 (each a “**Covenantor**”, collectively, the “**Covenantors**”); and
- (B) **CHINA DATA BROADCASTING HOLDINGS LIMITED**, a company incorporated in Bermuda with limited liability whose registered office is at Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda and whose principal place of business in Hong Kong is situated at Unit 3701, 37/F, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong (the “**Company**”).

WHEREAS:

- (A) On 28 March 2012, the Acquisition Agreement was entered between the Company as purchaser, Fit Generation as vendor and Changhong (Hong Kong) Trading as guarantor, pursuant to which the Company has conditionally agreed to purchase from Fit Generation, and Fit Generation has conditionally agreed to sell to the Company, the entire issued share capital of Target Co BVI, at a total consideration of HK\$2,012,868,000, to be settled in full by the allotment and issue of the New Ordinary Shares and the New Convertible Preference Shares.
- (B) The transaction contemplated in the Acquisition Agreement constitutes a reverse takeover for the Company under Rule 19.06(6)(b) of the GEM Listing Rules, on the basis that such transaction constitutes a very substantial acquisition for the Company under Chapter 19 of the GEM Listing Rules and at the same time involve an acquisition of assets from Fit Generation (an indirect wholly-owned subsidiary of Sichuan Changhong) within 24 months of Sichuan Changhong gaining control (as defined under the Takeovers Code) of the Company. Under Rule 19.54 of the GEM Listing Rules, the Company will be treated as if it were a new listing applicant. Such transaction under the Acquisition Agreement is therefore also subject to the approval by the Listing Committee of the Stock Exchange of the new listing application to be made by the Company.
- (C) As at the date hereof, Sichuan Changhong beneficially owns in aggregate 111,368,000 Ordinary Shares (representing 33.34% of the issued ordinary share capital of the Company), of which 95,368,000 Ordinary Shares (representing approximately 28.55% of the issued share capital of the Company) is directly owned and 16,000,000 Ordinary Shares (representing approximately 4.79% of the issued share capital of the Company) is owned through its wholly-owned subsidiary, Changhong (Hong Kong) Trading. As at the date hereof, approximately 23.19% of the equity interest of Sichuan Changhong is owned by Sichuan Changhong Electric, which accounts for Sichuan Changhong as its subsidiary under applicable PRC general accounting principles. Sichuan Changhong and Sichuan Changhong Electric and Fit Generation are controlling shareholders of the Company under the GEM Listing Rules.
- (D) During the three financial years ended 31 December 2011 and the six months ended 30 June 2012, the sales and distribution of electrical appliances (including air-conditioners and refrigerators) and consumer electronic products (including televisions, home theater systems and other audio and video products) in non-PRC overseas markets and the sales and distribution of mobile phones in the PRC of the business of the Sichuan Changhong Group overlapped with that of the Enlarged Group.
- (E) In preparation for the Deemed New Listing, each of the Covenantors has agreed to undertake not to engage in certain activities which may compete or are likely to compete with the

Enlarged Group and the Company has agreed to The Company will also cease its electronics business in Changhong's markets upon the Completion, upon and subject to the terms herein.

NOW THIS DEED WITNESSES as follows:

1. **INTERPRETATION**

1.1 In this Deed, the following terms shall have the following meaning unless the context herein requires otherwise:

- “Acquisition”** the conditional acquisition by the Company of the entire issued share capital of Target Co BVI from Fit Generation for a total consideration of HK\$2,012,868,000, to be settled in full by the allotment and issue of a total of 135,000,000 New Ordinary Shares and 1,877,868,000 New Convertible Preference Shares;
- “Acquisition Agreement”** the conditional sale and purchase agreement dated 28 March 2012 made between the Company as purchaser, Fit Generation as vendor and Changhong (Hong Kong) Trading as guarantor in respect of the sale and purchase of the entire issued share capital of Target Co BVI and Changhong (Hong Kong) Trading as guarantor of the obligations of Fit Generation under the said agreement;
- “associate”** has the meaning ascribed to it under the Listing Rules;
- “Business”** has the meaning ascribed to it in Clause 3.1(a);
- “Business Day”** any day (other than a Saturday, Sunday or a public holiday in the PRC) or a day on which banks in the PRC are open for business;
- “CDB Component Business”** the trading and sales of electronic parts and components by the Group such as LCD screens, PDP screens, cathode ray tubes, integrated circuits, plugs and sockets primarily in the PRC;
- “CDB Electronic Business”** the trading and sales of electrical appliances and consumer electronic products by the Group in non-PRC overseas markets;
- “CDB Existing Business”** CDB Component Business and CDB Electronic Business;
- “CDB’s Markets”** Australia, Egypt, Kenya, South Africa, Libya, Mauritius, Dominica, Ecuador, Venezuela, Uruguay, Portugal, Ukraine, Philippines, Thailand, Brunei, Uzbekistan and South Korea;
- “Changhong After Sales Parts”** provisions of parts and components by Sichuan Changhong specifically for use in Sichuan Changhong’s own-branded products;
- “Changhong Electronic** the research and development, manufacture, sales and distribution of electrical appliances (including air-

Business	conditioners, refrigerators and washing machines) and consumer electronic products (including televisions, home theater systems and other audio and video products). Such products are distributed in the PRC under its own “Changhong” brand and in certain non-PRC overseas markets under its own “Changhong” brand or by way of OEM (original equipment manufacturing);
“Changhong (Hong Kong) Trading”	Changhong (Hong Kong) Trading Limited (長虹 (香港) 貿易有限公司), a company incorporated in Hong Kong (a whollyowned subsidiary of Sichuan Changhong) and which holds 4.79% of the existing issued ordinary share capital of the Company as at the Latest Practicable Date;
“Changhong’s Markets”	Algeria, Brazil, Peru, Chile, Russia, Lithuania, Romania, Spain, Pakistan, Myanmar, Indonesia, Saudi Arabia, Israel, Jordan, the United Arab Emirates, Iraq, North Korea and Kyrgyzstan;
“Completion”	completion of the Acquisition;
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules;
“Deemed New Listing”	the deemed new listing of the Shares on the main board of the Stock Exchange;
“Directors”	the directors of the Company;
“Enlarged Group”	the Group together with the Target Group;
“Fit Generation”	Fit Generation Holding Limited, a company whose further particulars are set out in Schedule 1;
“GEM Listing Rules”	Rules Governing the Listing of Securities on the GEM;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Date”	the date upon which the securities of the Company commence trading on the Stock Exchange;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“New Convertible Preference Shares”	1,877,868,000 new non-redeemable restricted voting convertible preference shares to be allotted and issued at an issue price of HK\$1.00 per non-redeemable convertible preference share to settle part of the consideration (such part being HK\$1,877,868,000) for the Acquisition;
“New Ordinary Shares”	135,000,000 new Ordinary Shares to be allotted and issued at an issue price of HK\$1.00 per Ordinary Share to settle part of the consideration (such part being HK\$135,000,000) for the

	Acquisition;
“ Ordinary Shares ” or “ Shares ”	ordinary shares of HK\$0.025 each in the issued share capital of the Company;
“ PRC ”	the People’s Republic of China, for the purpose of this Deed, excludes Hong Kong, the Macau Special Administrative Region and Taiwan;
“ Restricted Business ”	has the meaning ascribed to it in Clause 3.1(i);
“ Sichuan Changhong ”	Sichuan Changhong Electric Co., Ltd. (四川長虹電器股份有限公司), a company whose further particulars are set out in Schedule 1;
“ Sichuan Changhong Group ”	Sichuan Changhong and its subsidiaries;
“ Sichuan Changhong Electric ”	Sichuan Changhong Electronics Group Co., Ltd. (四川長虹電子集團有限公司), a company whose further particulars are set out in Schedule 1;
“ Stock Exchange ”	The Stock Exchange of Hong Kong Limited;
“ Takeovers Code ”	Hong Kong Code on Takeovers and Mergers;
“ Target Group ”	Target Co BVI and its subsidiaries including Changhong (Hong Kong) Enterprises Limited and Changhong IT Information Products Co., Ltd. and its subsidiaries;
“ Target Co BVI ”	Sufficient Value Group Limited, a company incorporated under the laws of BVI with limited liability and the entire issued share capital of which is held by Fit Generation;
“ Target Existing Business ”	Target IT Business and Target Mobile Business;
“ Target IT Business ”	the distribution of IT consumer products and IT corporate products by the Target Group; and
“ Target Mobile Business ”	the distribution of smartphones in the PRC by the Target Group.

- 1.2 The rights and obligations of the “**Company**” and the “**Covenantors**” under this deed shall inure to the benefit of and be binding upon their respective personal representatives, successors and permitted assigns.
- 1.3 Words denoting the singular number shall include the plural and vice versa. Words denoting any gender shall include all genders and words denoting persons shall include firms and corporations and vice versa.
- 1.4 The obligations of Fit Generation and Sichuan Changhong hereunder are joint and several. The obligations of Sichuan Changhong Electric are several from the obligations of Fit Generation and Sichuan Changhong hereunder.

2. **CONDITION PRECEDENT**

The obligations of the Covenantors and the Company under this Deed shall be effective from the date of Completion and subject to and conditional upon the Completion actually taking place. If this condition is not fulfilled on or before 28 February 2013 or such later date as the Covenantors and the Company may agree, this Deed shall become null and void and cease to have any effect whatsoever.

3. **UNDERTAKINGS**

3.1 Each of the Covenantors hereby irrevocably and unconditionally, undertakes with the Company (for itself and for the benefit of each of the members of the Group) that with effect from the Completion and until the earlier of the date that (i) the date on which the Ordinary Shares ceased to be listed on any of the stock markets of the Stock Exchange; or (ii) the date on which the Covenantors ceased to own less than 30% of the issued share capital of the Company directly or indirectly:

- (i) it shall not, directly or indirectly (whether as principal or agent, through any body corporate, partnership, joint venture or other contractual arrangement and whether for profit or otherwise) carry on, engage, invest or be interested or otherwise involved in the CDB Existing Business and the Target Existing Business (collectively, the “**Restricted Business**”) except that:
 - (a) the Sichuan Changhong Group (excluding the Enlarged Group) may continue to conduct its Changhong Electronic Business in Changhong’s Markets;
 - (b) the Sichuan Changhong Group may continue to conduct its Changhong Mobile Business and the mobile phones to be distributed shall be at the retail unit price equal or below RMB1,500 each, subject to annual review by the independent non-executive Directors in accordance with the official inflation rate of the PRC for each year; and
 - (c) Sichuan Changhong may continue to supply its Changhong After Sales Parts to its authorized repair and maintenance service providers for the repair and maintenance of Sichuan Changhong’s products;
- (ii) when it and/or any of its associate are offered or become aware of any new project or business opportunity directly or indirectly to engage or become interested in a Restricted Business or a business opportunity for the distribution of electrical appliances and consumer electronic products in a non-PRC overseas market which neither Sichuan Changhong nor the Enlarged Group has already developed; (i) it shall promptly notify the Company in writing, refer such project or business opportunity to the Company for consideration first and provide such information as may be reasonably required by the Company to make an informed assessment of such project or business opportunity; and (ii) shall not, and procure that its associates shall not, invest or participate in any such project or business opportunity unless the right of first refusal to pursue such project or business opportunity shall have been offered to and rejected by the Company and the principal terms of which it and/or its associates invest or participate are no more favourable than those made available to the Company. In deciding whether to pursue such market opportunity, the Company will seek approval from its independent non-executive Directors, who shall review all material terms thereof.

3.2 The above undertakings do not apply to the holding of or interests in shares or other securities by Covenantors and/or their respective associates in any company which conducts or is

engaged in any Restricted Business, provided that, in the case of such shares, they are listed on a stock exchange and the total number of the shares held by the relevant Covenantor and its associates or in which they are together interested does not amount to more than 5% of the issued shares of that class of that company, provided that the relevant Covenantor and its associates, whether acting singly or jointly, are not entitled to appoint majority of directors of that company and that at all times there is a holder of such shares holding (together, where appropriate, with its associates) a larger percentage of the shares in question that the relevant Covenantor and its associates together hold.

- 3.3 Sichuan Changhong undertakes to cease its Changhong Electronic Business in CDB's Markets within 18 months upon the Completion. The Company undertakes to cease its CDB Electronics Business in Changhong's Markets within 18 months upon the Completion.
- 3.4 The Company shall procure the Enlarged Group to focus in the distribution of smartphones with the unit retail price equal to or above RMB2,500. Sichuan Changhong shall procure the Sichuan Changhong Group (excluding the Enlarged Group) to focus in the distribution of mobile phones with the unit retail price equal to or below RMB1,500.
- 3.5 Each of the Covenantors shall keep the Directors (including its independent non-executive Directors) informed of any matter of actual or potential conflict of interests between the Covenantors (including their respective associates) and the Group, in particular, a transaction between any of the Covenantors (including their respective associates) and the Group.

4. **INVALIDITY**

- 4.1 Each and every obligation under this Deed shall be treated as a separate obligation and shall be severally enforceable as such, and in the event of any obligation or obligations being or becoming illegal, invalid or unenforceable in whole or in part, such part or parts as are illegal, invalid or unenforceable shall be deleted from this Deed and any such deletion shall not affect the legality, validity and enforceability of all such parts of this Deed as remain not so deleted.
- 4.2 Each of the Covenantors agrees that having regard to all the circumstances (including without limitation the benefits that the Covenantors are expected to be deriving out of the Deemed New Listing), the restrictive covenants in this Deed are reasonable and necessary for the protection of the Company, and that having regard to those circumstances, such covenants do not work inequitably upon any of them. Each of the Covenantors hereby acknowledges that restrictions of the nature in question may however fail for technical reasons unforeseen, and accordingly, hereby agrees and declares that if any of such restrictions shall be adjudged to be void as going beyond what is reasonable in all the circumstances for the protection of the Company but would be valid if part of the wording thereof were deleted or the periods thereof reduced or the range of activities or area dealt with thereby reduced in scope the said restriction shall apply with such modifications as may be necessary to make it valid and effective.

5. **WAIVER AND ASSIGNMENT**

- 5.1 Each of the Covenantors hereby irrevocably and unconditionally declares and agrees that no failure or delay by the Company in exercising any right, power or remedy under this Deed shall operate as a waiver thereof, nor shall any single or partial exercise of the same preclude any further exercise thereof or the exercise of any other right, power or remedy.
- 5.2 Each of the Covenantors hereby declares and agrees that the Company may assign its rights and benefits under this Deed to any member of the Company without the prior written consent of the Covenantors.

6. **NOTICES**

- 6.1 Each notice, demand or other communication given or made hereunder shall be in writing and delivered or sent to the relevant party as its address or fax number set out below (or such other address or fax number as the addressee has by five (5) days' prior written notice specified to the other party).

To: the Company Address : Unit 3701, 37/F, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong

Fax Number : 2815 1119

To: the Covenantors For the address and fax number, please refer to the Schedule.

Any notice, demand or other communication so addressed to the relevant party shall be deemed to have been delivered (a) if given or made by letter, when actually delivered to the relevant address; and (b) if given or made by fax, when properly despatched.

- 6.2 Each of the Covenantors irrevocably appoints Changhong (Hong Kong) Trading of Unit 1412, 14/F, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong as its agent to receive and acknowledge on its behalf service of any writ, summons, order, judgment or other notice of legal process in Hong Kong. If for any reason the agent named above (or its successors) no longer serves as agent of any of the Covenantors for this purpose or no longer has an address in Hong Kong, that Covenantor shall promptly appoint a successor agent reasonably acceptable to the Company, notify the Company thereof and deliver to the Company a copy of the new process agent's acceptance of appointment provided that until the Company receives such notification, it shall be entitled to treat the agent named above (or its said successors) as the agent of that Covenantor, for the purpose of this Clause. Each of the Covenantors agrees that any legal process shall be sufficiently served on it if delivered to its process agent as appointed hereunder for service at its address for the time being in Hong Kong whether or not such agent gives notice thereof to it.

7. **GOVERNING LAW AND JURISDICTION**

This Deed is governed by and shall be construed in accordance with the laws of the Hong Kong and the parties hereto hereby irrevocably submit to the non-exclusive jurisdiction of the Hong Kong courts in respect of any claims or matters arising from or in connection with this Deed.

SEALED with the Common Seal of
四川長虹電子集團有限公司 (Sichuan Changhong Electronics Group Co., Ltd.))
and SIGNED by
authorized signatory, for and on its behalf
in the presence of:



李信

李信

IN WITNESS WHEREOF this Deed has been executed by the Covenantors as a deed on the day and year first above written.

SEALED with the Common Seal of)
四川長虹電器股份有限公司 (Sichuan Changhong Electric Co., Ltd.))
and SIGNED by)
authorized signatory, for and on its behalf)
in the presence of)



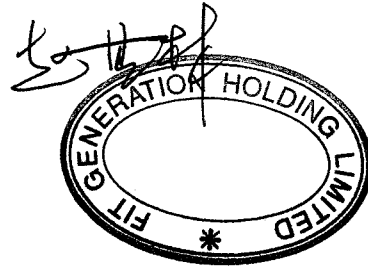
A handwritten signature in Chinese characters, appearing to be '李正富' (Li Zhengfu), written in black ink.

A handwritten signature in Chinese characters, appearing to be '王林' (Wang Lin), written in black ink.

SEALED with the Common Seal of
Fit Generation Holding Limited
and SIGNED by
authorized signatory, for and on its behalf
in the presence of:

楊柳榮

)
)
)
)
)



IN WITNESS WHEREOF this Deed has been executed by the Company as a deed on the day and year first above written.

SEALED with the Common Seal of)
China Data Broadcasting Holdings Limited)
and **SIGNED** by)
authorized signatory, for and on its behalf)
in the presence of:)

LEE WING LUI



Lee Wing



SCHEDULE 1

DETAILS OF THE COVENANTORS

Name	Details	Address and Fax Number
四川長虹電器股份有限公司(Sichuan Changhong Electric Co., Ltd.)	a company established under the laws of the PRC and listed on the Shanghai Stock Exchange and which holds approximately 28.55% of the existing issued ordinary share capital of the Company	Address: 35 East Mianxing Road, Hi-Tech Park, Mianyang, Sichuan, PRC Fax Number: +86 816 2417979
四川長虹電子集團有限公司(Sichuan Changhong Electronics Group Co., Ltd.)	a company established under the laws of the PRC and which holds approximately 23.19% of the equity interest of Sichuan Changhong	Address: 35 East Mianxing Road, Hi-Tech Park, Mianyang, Sichuan, PRC Fax Number: +86 816 2417979
Fit Generation Holding Limited	an investment holding company incorporated under the laws of BVI with limited liability, which is a wholly-owned subsidiary of Changhong (Hong Kong) Trading	Address: Unit 1412, 14/F, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong Fax Number: +852 3154 9745