



# 大賀傳媒股份有限公司 DAHE MEDIA CO., LTD.\*

(Formerly known as “南京大賀戶外傳媒股份有限公司” “NANJING DAHE OUTDOOR MEDIA CO., LTD.”\*)  
(a joint stock limited company incorporated in the People's Republic of China with limited liability)  
(Stock Code : 8243)



## 2010 Interim Report

\*For identification purposes only

## **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

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*This report, for which the directors (the “Directors”) of Dahe Media Co., Ltd. collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Exchange (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, the information contained in this report is accurate and complete in all material respects, not misleading or fraudulent, and there are no other matters the omission of which would make this report or any statement therein misleading.*



## HIGHLIGHTS

- For the six months ended 30 June 2010, the Group realised a turnover of approximately RMB178,036,000, representing an increase of approximately 4.18% over the same period of 2009.
- Turnover of the Group was mainly from media dissemination, terminal dissemination service and media production businesses, representing approximately 59.04% (2009: 57.07%), 24.48% (2009: 25.38%) and 16.47% (2009: 17.55%) respectively of the gross turnover.
- For the six months ended 30 June 2010, profit attributable to the Group's equity holders was approximately RMB7,336,000, representing an increase of approximately 22.57% over the same period of 2009. For the three months ended 30 June 2010, the profits attributable to equity holders of the Group was approximately RMB6,617,000, representing an increase of 17.68% over the same period in 2009.
- Earnings per share were approximately RMB0.88 cent (2009: RMB0.72 cent)
- The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2010 (2009: nil).
- Chongqing Dahe Digital Printing Co., Ltd., a subsidiary of the Group, is still in the process of liquidation. During the year 2008, the Group made a one-off provision for investment impairment of RMB20,300,000.



## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

The Board of Directors (“Board”) of Dahe Media Co., Ltd. (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (together the “Group”) for the three months and six months ended 30 June 2010, together with the comparative figures for the corresponding periods in 2009 as follows:

	Notes	Unaudited For the six months ended 30 June		Unaudited For the three months ended 30 June	
		2010 RMB'000	2009 RMB'000	2010 RMB'000	2009 RMB'000
Turnover	3	<b>178,036</b>	170,892	<b>101,331</b>	90,334
Cost of sales		<b>(122,727)</b>	(119,937)	<b>(68,821)</b>	(63,026)
Gross profit		<b>55,309</b>	50,955	<b>32,510</b>	27,308
Other income and net gain		<b>392</b>	2,407	<b>277</b>	2,726
Distribution costs		<b>(18,343)</b>	(21,401)	<b>(7,919)</b>	(10,742)
Administrative expenses		<b>(21,040)</b>	(20,429)	<b>(12,308)</b>	(10,384)
Finance costs		<b>(5,177)</b>	(3,625)	<b>(2,526)</b>	(1,440)
Profit before taxation		<b>11,141</b>	7,907	<b>10,034</b>	7,468
Income tax	4	<b>(1,627)</b>	(1,317)	<b>(1,190)</b>	(935)
Profit and comprehensive income for the period		<b>9,514</b>	6,590	<b>8,844</b>	6,533
Profit and comprehensive income attributable to:					
Owners of the Company		<b>7,336</b>	5,985	<b>6,617</b>	5,623
Minority interests		<b>2,178</b>	605	<b>2,227</b>	910
		<b>9,514</b>	6,590	<b>8,844</b>	6,533
Earnings per share					
— Basic (RMB)		<b>0.88 cent</b>	0.72 cent	<b>0.79 cent</b>	0.68 cent



## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 30 June 2010	Audited As at 31 December 2009
Notes	RMB'000	RMB'000
<b>ASSETS AND LIABILITIES</b>		
<b>Non-current assets</b>		
Investment properties	32,708	32,708
Property, plant and equipment	171,607	177,187
Construction in progress	1,579	3,234
Land use right	2,371	2,400
Goodwill	15,679	15,679
Other intangible assets	3,952	2,808
Deposit paid to fellow subsidiary	29,736	29,736
Deferred tax assets	4,980	4,980
<b>Total non-current assets</b>	<b>262,612</b>	<b>268,732</b>
<b>Current assets</b>		
Inventories	7,062	6,583
Trade and note receivables	5 130,466	110,233
Other receivables, deposits and prepayments	64,414	52,088
Amounts due from a fellow subsidiary	21,425	34,489
Amounts due from a former subsidiary	937	937
Amounts due from related companies	1,428	2,163
Bank balances and cash and pledged bank deposits	105,888	140,089
<b>Total current assets</b>	<b>331,620</b>	<b>346,582</b>



		<b>Unaudited As at 30 June 2010 RMB'000</b>	Audited As at 31 December 2009 RMB'000
	Notes		
<b>Current liabilities</b>			
Trade payables	6	<b>34,048</b>	27,822
Other payables, deposits received and accruals		<b>6,208</b>	4,996
Deferred advertising income		<b>29,725</b>	27,545
Amount due to holding company		<b>19,828</b>	22,756
Amounts due to related parties		<b>202</b>	767
Bank borrowings		<b>166,000</b>	197,000
Income tax payables		<b>1,575</b>	5,758
Other tax payables		<b>1,288</b>	2,826
<b>Total current liabilities</b>		<b>258,874</b>	289,470
<b>Net current assets</b>		<b>72,746</b>	57,112
<b>Total assets less current liabilities</b>		<b>335,358</b>	325,844
<b>Non-current liability</b>			
Bank borrowings		<b>4,000</b>	4,000
<b>Net assets</b>		<b>331,358</b>	321,844
<b>CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>			
Share capital		<b>83,000</b>	83,000
Reserves		<b>222,619</b>	215,283
<b>Equity attributable to owners of the Company</b>		<b>305,619</b>	298,283
<b>Minority interests</b>		<b>25,739</b>	23,561
<b>Total equity</b>		<b>331,358</b>	321,844



## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share premium and capital reserve	Statutory surplus reserve	Retained profits	Attributable to owners of the Company	Minority interests	Total	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	
Balance at 1 January 2009	83,000	97,421	21,449	86,784	205,654	21,679	310,333
Total comprehensive income for the period	—	—	—	5,985	5,985	605	6,590
Balance at 30 June 2009	83,000	97,421	21,449	92,769	211,639	22,284	316,923
Total comprehensive income for the period	—	—	—	1,962	1,962	3,483	5,445
Discount on acquisition of additional equity interest in a subsidiary	—	—	—	1,682	1,682	(2,206)	(524)
Appropriations from retained profits	—	—	2,027	(2,027)	—	—	—
Balance at 1 January 2009	83,000	97,421	23,476	94,386	215,283	23,561	321,844
Total comprehensive income for the period	—	—	—	7,336	7,336	2,178	9,514
Balance at 30 June 2010	83,000	97,421	23,476	101,722	222,619	25,739	331,358



## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	<b>Unaudited For the six months ended 30 June 2010 RMB'000</b>	Unaudited For the six months ended 30 June 2009 RMB'000
Cash flows from operating activities	13,827	(8,396)
Cash flows from investing activities	(11,363)	(14,371)
Cash flows from financing activities	136,665	(65,079)
Net decrease in cash and cash equivalents	(34,201)	(87,846)
Cash and cash equivalents at the beginning of period	140,089	206,174
Cash and cash equivalents at the end of period	105,888	118,328
Bank balances and cash	105,888	118,328
Less: Pledged bank deposits	—	—
	105,888	118,328





## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT:

### 1. BASIS OF PREPARATION

These unaudited condensed consolidated financial statements are prepared in accordance with Hong Kong Accounting standards (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and Chapter 18 of the GEM Listing Rules.

These unaudited condensed consolidated financial statements should be read in conjunction with the audited annual financial statements of the Group for the year ended 31 December 2009. The accounting policies and methods of computation used in the preparation of these unaudited condensed consolidated financial statements are consistent with those used in the audited annual financial statements of the Group for the year ended 31 December 2009.

### 2. PRINCIPAL ACCOUNTING POLICIES

The consolidated condensed interim financial statements has been prepared on the historical cost convention, as modified for the valuation of investment properties which are carried at fair value.

In the reporting period, the Group has adopted all new and revised standards, amendments and interpretation (“new HKFRSs”) issued by the HKICPA which are effective for the Group’s financial year beginning 1 January 2009. The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

### 3. TURNOVER

#### Turnover by segments

	For the six months ended 30 June		For the three months ended 30 June	
	2010 RMB’000 <i>Unaudited</i>	2009 RMB’000 <i>Unaudited</i>	2010 RMB’000 <i>Unaudited</i>	2009 RMB’000 <i>Unaudited</i>
Business revenue from media dissemination	105,116	97,532	64,584	48,623
Business revenue from terminal dissemination	43,590	43,368	22,692	27,147
Business revenue from media production	29,330	29,992	14,055	14,564
	<u>178,036</u>	<u>170,892</u>	<u>101,331</u>	<u>90,334</u>



#### 4. INCOME TAX

	For the six months ended 30 June		For the three months ended 30 June	
	2010 RMB'000 <i>Unaudited</i>	2009 RMB'000 <i>Unaudited</i>	2010 RMB'000 <i>Unaudited</i>	2009 RMB'000 <i>Unaudited</i>
Taxation charges				
PRC income tax	<u>1,627</u>	<u>1,317</u>	<u>1,190</u>	<u>935</u>

#### 5. TRADE AND NOTE RECEIVABLES

	Unaudited As at 30 June 2010 RMB'000	Audited As at 31 December 2009 RMB'000
0-90 days	52,741	49,660
91-180 days	11,596	22,680
181-365 days	44,922	21,130
Over 365 days	<u>21,207</u>	<u>16,763</u>
	<u>130,466</u>	<u>110,233</u>

#### 6. TRADE PAYABLES

	Unaudited As at 30 June 2010 RMB'000	Audited As at 31 December 2009 RMB'000
0-90 days	18,336	18,331
91-180 days	5,110	1,537
181-365 days	1,868	2,519
Over 365 days	<u>8,734</u>	<u>5,435</u>
	<u>34,048</u>	<u>27,822</u>



## MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30 June 2010 (the “Period under Review”), the Group achieved a turnover of approximately RMB178,036,000 (2009: RMB170,890,000), representing an increase of approximately 4.18% over the same period last year. Profit attributable to the Company’s equity holders was approximately RMB7,336,000 (2009: RMB5,980,000), representing an increase of approximately 22.57% over the same period last year.

The increase in the turnover was attributable to the diminishing impact of the global financial turmoil, the recovery of the PRC market, the increased publicity expenses of advertising customers, the relevant policy support and the restoration of confidence in industry growth. During the period, turnover from media dissemination, terminal dissemination service and media production businesses represented approximately 59.04% (2009: 57.07%), 24.48% (2009: 25.38%) and 16.47% (2009: 17.55%) respectively of the gross turnover. Earnings per share increased by 22.22% to RMB0.88 cent. The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2010 (2009: nil).

During the Period under Review, the Group’s turnover from media dissemination amounted to approximately RMB105,116,000, representing an increase of approximately 7.8% over the same period last year. Currently, the Group has outdoor media resources of approximately 200,000 square metres with coverage in 64 major cities across China. During the period, the average launching rate of the Group’s outdoor media was maintained at approximately 72% with major customers coming from various sectors such as fast-moving consumer goods, machinery, real estate, finance and tourism.

During the period, “Enkon Express Media”, the Group’s core business, developed rapidly and contributed to the Group a turnover of approximately RMB31,430,000, representing an increase of approximately 16% over the same period last year. And profits attributable to shareholders were approximately RMB2,600,000, representing an increase of 75% over the same period last year. Currently, approximately 7,700 advertising boards targeting 9 million households with medium and high income in nearly 5,500 communities have been set up. Its innovative “Enkon Express Media 3.0” versatile community project built an innovative dissemination platform catering to diversified customer business and provided comprehensive “advertising + marketing” services to incorporate functions such as media dissemination, commonwealth community information dissemination and self-service payment in daily life. The scope of coverage has been extended to include Beijing, Shanghai, Guangzhou, Nanjing, Shenzhen, Chengdu, Hangzhou and Shenyang and contributed outdoor media dissemination resources of approximately 35,000 square metres to the Group.



During the period, “Enkon Express Media” focused on expansion into sectors including finance, travel, communication and fast moving consumer goods. It has entered into a cooperation agreement with a contract value of more than RMB11,000,000 with Guangdong Jiaduobao Drink & Food Co., Ltd., and has entered into cooperation agreements with an aggregate contract value of more than RMB20,000,000 with Everbright Bank, Suning Electric, the Tourism Board of the Thousand Island Lake (千島湖旅遊局), Shenzhen Skyworth and Anhui Satellite TV. It has also entered into partnership with various famous domestic and international brands such as Mazda, NVC Lighting, Carrefour, 新城市置業, Shenyin & Wanguo, China Mobile, China Telecom and Wal-mart, which further established its leading position in the market and laid a solid foundation for the second half year. “Enkon Express Media” attracted even more attention from television media and successfully entered into contracts with Anhui Satellite TV and so on. “Enkon Express Media” is expected to become a new carrier for television media publicity. The Group believes these projects will bring considerable returns to the Group.

During the period, “Outdoor Media” has commenced cooperation with well-known enterprise such as 中策橡膠, 申鷺達 and Changan Auto (長安汽車). It also has entered into a media dissemination agreement with a contract value of more than RMB20,000,000 with 鑫泰房地產, 申鷺達 and so on.

The Group continued to further its terminal dissemination service business during the period. As of 30 June 2010, turnover of the terminal dissemination service business amounted to approximately RMB43,590,000, an increase of approximately 0.53% over the same period last year.

During the Period under Review, “Terminal Dissemination” continued to serve customers such as Nike, Wang Laoji, Wal-mart, Sankeshu Paint, Huatai Securities and Inner Mongolia Agricultural Bank (內蒙農行). In particular, the contracted value for the projects such as the Nike project, the Inner Mongolia Agricultural Bank project, the Wal-mart project and the Sankeshu paint project amounted to approximately RMB30,000,000. In view of the opportunities brought by international events including the 2010 Shanghai World Expo and, the 2010 Guangzhou Asian Games, all branches of the Group accelerated progress in government tender invitation and bidding projects and were able to win a number of projects, including the Guangzhou Asian Games. In particular, Beijing Branch successfully won the Guangzhou Asian Games logo project of RMB9,750,000. Currently, The Group’s 360° Business Terminal Manager currently serves a number of renowned brands including Nike, ICBC, Midea, Master Kong, Founder Technology, Wang Laoji and Wal-mart.

During the Period under Review, turnover of the Group’s media production business was approximately RMB29,330,000, representing a decrease of approximately 2.2% as compared with the corresponding period of last year and accounting for approximately 16.47% of the Group’s total turnover.



As at the end of June, 2010, as the Chongqing municipal government reorganised the outdoor advertising market, resulting the media dissemination area of Chongqing Dahe Basu Media Co., Ltd reduced by 1,856.5 square meters.

During the period, Nanjing Dahe Colour Printing Co., Ltd., a subsidiary of the Group, successfully won the bid for the project of Nanjing Mobile's promotional materials printing worth RMB4,000,000 with a contract term from 2010 to 2011 and became the sole supplier of the project.

As one of the top advertising enterprises in China, the Group has won recognition from peers and professional institutions with its quality media mix and diversified professional services. During the Period under Review, the Group received a number of honours and rewards. In particular, the Group received various honours such as "Spiritual Civilization Advanced Unit in the Advertising Industry of China for the 2008/2009 Year", "Unit Contributing to Nanjing's Winning the Bid for the 2014 Youth Olympic Games", "Top 10 Advertising Agencies for 2009" and "Top 10 Best Advertising Operating Units for 2009" awarded by Nanjing Advertising Association.

During the period, the Group started to liquidate its subsidiary, Chongqing Dahe Digital Printing Co., Ltd., for business consolidation purpose.

## **OUTLOOK**

In the first half of 2010, the impact of the global financial turmoil has diminished. The market prospect tended to be positive. The PRC economy was growing steadily. National income and purchasing power was gradually recovering. All enterprises have increased their spending on advertising to attract more consumption. The "Revitalization Plan of Cultural Industry" approved in 2009 has further optimized the cultural industry through specific measures such as additional governmental investment and cultural consumption. This has certainly created favourable external conditions for the advertising industry which is included in important cultural industries and strengthened the position of the advertising industry in the overall economy. According to the 2010 China Cultural Industry Development Blue Book published by the Chinese Academy of Social Sciences, the total investment in the PRC advertising market increased by 13.5% in 2009 year on year with the most significant growth in outdoor media. Driven by positive state policies and the stable growth of internal demand, we are optimistic about the future of the advertising industry in 2010. In the second half of the year, the Group will adopt flexible strategies to adapt to market needs, so as to increase our market share to maximize the profit.



International events such as the 2010 Shanghai World Expo, the 2010 Guangzhou Asian Games and the 2014 Nanjing Youth Olympic Games have also created excellent opportunities for the PRC advertising market, thereby increasing the market demand for outdoor advertising. Meanwhile, the Chinese government has promulgated laws to regulate outdoor media and outdoor advertisements and the local governments have gradually adopted allocation, tender and auction process to regulate outdoor advertisements. We believe, although it may have adverse impact on the Group's operations in the short term. In the long run, this is beneficial to the continuous and orderly development of outdoor advertisements in the long run. The Group will also take advantage of this opportunity to strengthen its position in outdoor media and strive to secure more resources for outdoor advertisements. Although competition in the outdoor advertising industry is becoming increasingly intense, we are still optimistic about the medium and long-term development of the PRC outdoor advertising industry.

It is anticipated that 2010 will be a year full of challenges and opportunities. Apart from reinforcing its existing operations and developing new business platforms, the Group will actively strive for more major customers and consider taking countermeasures to mitigate the impact of the new outdoor advertising law on business income. The Group will also consider how to integrate outdoor media services with new technology to realize more media values and customer values. The Group will allocate more resources and enhance its sales team to promote "Enkon Express Media 3.0", and will actively seek strategic partners to increase its market penetration rate and expand its business into all cities in China. We are committed to becoming one of the strongest media Group in China and is respected in the world.

## **FINANCIAL REVIEW**

### **TURNOVER**

For the six months ended 30 June 2010 (the "Period under Review"), the Group's turnover was approximately RMB178,036,000, representing an increase of approximately 4.18% as compared with the corresponding period of last year.

### **GROSS PROFIT**

During the Period under Review, gross profit was approximately 31.07%, representing an increase of approximately 1.25 percentage points over 29.82% of the corresponding period of last year.

### **DISTRIBUTION COSTS**

During the Period under Review, distribution costs decreased by 14% as compared with the corresponding period of last year. The decrease was mainly due to the decrease in labour costs and business promotion expenses.



## **ADMINISTRATION EXPENSES**

During the Period under Review, administration expenses increased by 3% as compared with the corresponding period of last year, mainly attributable to an increase in development expenses of new projects.

## **FINANCIAL EXPENSES**

During the Period under Review, financial expenses were approximately RMB5,177,000, representing an increase of 43% as compared with the corresponding period of last year.

## **DIVIDENDS**

The Directors do not recommend distribution of an interim dividend for the six months ended 30 June 2010 (2009: nil).

## **FUTURE MAJOR INVESTMENT PLANS AND EXPECTED SOURCE OF FUNDS**

The Group will continue to integrate the existing operations, at the same time identify new business opportunities which may supplement or strengthen the existing operations. As at 30 June 2010, the Group has not set up any specific plans.

## **WORKING CAPITAL AND FINANCIAL RESOURCES**

The Group has adopted a prudent financial management policy and maintained a strong financial status. As at 30 June 2010, net current asset was approximately RMB72,746,000 (As at 31 December 2009: approximately RMB57,112,000).

As at 30 June 2010, bank balance and cash held by the Group amounted to approximately RMB105,890,000 (As at 31 December 2009: approximately RMB140,090,000).

As at 30 June 2010, the Group has bank borrowings of approximately RMB170,000,000 and total assets of approximately RMB594,230,000. Gearing ratio was approximately 29% (As at 31 December 2009: Gearing ratio was approximately 33%).

## **RISK OF FOREIGN EXCHANGE**

As the Group's income and expenditure are denominated in RMB, therefore, the Group has no exposure to foreign exchange risks.

## **IMPORTANT INVESTMENT**

During the Period under Review, the Group has no increase in important investment.



## **IMPORTANT ACQUISITION AND DISPOSAL**

During the Period under Review, the Group has no important acquisition and disposal.

## **STAFF**

As at 30 June 2010, the Group has 970 full-time staff. During the Period under Review, cost of staff was approximately RMB22,010,000 (Corresponding period in 2009: approximately RMB26,350,000).

## **CONTINGENT LIABILITIES**

As at 30 June 2010, the Group does not have any material contingent liabilities.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

The Group and the Company did not purchase, sell or redeem any of its listed securities during the Period under Review.

## **DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

None of the Directors nor supervisors of the Company (“Supervisors”) nor any of their respective associates was granted by the Company or its subsidiaries any right to acquire shares or debentures of the Company or any other body corporate, or had exercised any such right as at 30 June 2010.

## **RIGHT OF FIRST REFUSAL**

There is no provision of any right of first refusal in the Company’s Articles of Association requiring the Company to issue new shares proportionately to the existing shareholders.

## **CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

During the Period under Review, the Company has continued to adopt a set of transaction standards in respect of securities transactions by Directors, which are no less stringent than that stipulated in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has also made specific inquiries to all the Directors, and is not aware of any violation of the transaction standards and the standard code in respect of securities transactions by Directors as required.





## DIRECTORS' AND SUPERVISORS' INTERESTS IN SHARES OF THE COMPANY AND ASSOCIATED CORPORATIONS

As at 30 June 2010, the interests and short positions of the Directors and the Supervisors (as if the requirements applicable to Directors under the Securities and Futures Ordinance (“SFO”) were also applicable to the Supervisors) in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules were as follows:

Name of Director/Supervisor (note 1)	Name of company/ associated corporation	Capacity	Number and class of securities (note 2)	Approximate percentage of shareholding in the relevant class of securities
He Chaobing	The Company	Interest of a controlled corporation (note 3)	409,000,000 domestic shares of RMB0.10 each (L)	70.52%
He Lianyi	The Company	Beneficial owner	6,400,000 domestic shares of RMB0.10 each (L)	1.10%
Wang Mingmei	The Company	Beneficial owner	3,800,000 domestic shares of RMB0.10 each (L)	0.66%

Notes:

1. All of the persons named above are Directors, except Ms. Wang Mingmei who is a Supervisor.
2. The letter “L” denotes the Director’s/Supervisor’s long positions in such shares.
3. The interests in the domestic shares were held through Jiangsu Dahe International Advertising Group Co., Ltd. (“Dahe International”) which was 90% and 10% owned by Mr. He Chaobing and Mr. He Pengjum, son of Mr. He Chaobing, respectively.

Save as disclosed above, as at 30 June 2010, none of the Directors and the Supervisors has any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.



## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTEREST AND SHORT POSITION IN SHARES AND UNDERLYING SHARES IN THE COMPANY

### A. Substantial shareholders

As at 30 June 2010, the following persons/entities had an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO and were directly or indirectly interested in 10% or more of the shares of the Company:

Name of shareholder	Capacity	Number and class of securities (note 1)	Approximate percentage of shareholding in the relevant class of securities	Approximate percentage of shareholding in the share capital of the Group (note 4)
Dahe International	Beneficial owner	409,000,000 domestic shares of RMB0.10 each (L)	70.52%	49.28%
He Chaobing	Interest of a controlled corporation (note 2)	409,000,000 domestic shares of RMB0.10 each (L)	70.52%	49.28%
Yan Fen	Interest of spouse (note 3)	409,000,000 domestic shares of RMB0.10 each (L)	70.52%	49.28%

Notes:

1. The letter "L" denotes the person's/entity's long positions in the domestic shares of the Company.
2. The interest in the domestic shares were held through Dahe International which was 90% and 10% owned by Mr. He Chaobing and Mr. He Pengjum, son of Mr. He Chaobing, respectively.
3. Ms. Yan Fen is the wife of Mr. He Chaobing and is deemed to be interested in the shares in which Mr. He Chaobing is interested under the provision of Divisions 2 and 3 of Part XV of the SFO.
4. Domestic shares and H Shares of the Company are treated as the same class of shares for such purpose.



## B. OTHER PERSONS WHO ARE REQUIRED TO DISCLOSE THEIR INTERESTS PURSUANT TO DIVISIONS 2 AND 3 OF PART XV OF THE SFO

As at 30 June 2010, save for the persons/entities disclosed in sub-section A above, the following entities/persons had an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Name	Capacity	Number and class of securities (note 1)	Approximate percentage of shareholding in the relevant class of securities	Approximate percentage of shareholding in the entire issued share capital of the Company (note 3)
Yan Jian	Beneficial owner	71,800,000 domestic shares of RMB0.10 each (L)	12.37%	8.66%
Nanjing State-owned Assets Management Holdings (Group) Company Limited (南京市國有資產投資管理控股(集團)有限責任公司)	Beneficial owner (note 2)	50,000,000 domestic shares of RMB0.10 each (L)	8.62%	6.02%
南京市浦口區 晨威油墨廠	Beneficial owner	30,000,000 domestic shares of RMB0.10 each (L)	5.17%	3.61%

Notes:

1. The letter "L" denotes the person's/entity's long positions in the domestic shares of the Company.
2. The interests in the domestic shares will be held through Nanjing Hi-Tech Venture Capital Co., Ltd., the registered capital of which is 60% owned by Nanjing State-owned Assets Investment Management Holdings (Group) Company Limited (南京市國有資產投資管理控股(集團)有限責任公司).
3. Domestic shares and H Shares of the Company are treated as the same class of shares for such purpose.

Save as disclosed above, no other person/entity had an interest or a short position in the shares and underlying shares of the Company as recorded on 30 June 2010 in the register required to be kept under section 336 of the SFO.



## COMPETING INTEREST

None of the Directors, the management shareholders of the Company and their respective associates as defined under the GEM Listing Rules had any interest in a business which competes or may compete, either directly or indirectly, with the businesses of the Group nor any conflicts of interest which has or may have with the Group.

## CORPORATE GOVERNANCE

During the Period under Review, none of the Directors of the Company is aware of any information which reasonably indicates that there has been non-compliance with the code provisions as set out in the Code of Practices under Corporate Governance as set out in Appendix 15 of the GEM Listing Rules of the Stock Exchange in any time during the accounting period covered under the current report.

## COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

As updated and notified by the Company's compliance adviser, Guangdong Securities Limited (the "Compliance Adviser"), none of the Compliance Adviser, or its directors, employees or associates (as defined under the GEM Listing Rules) had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) as at 30 June 2010 pursuant to Rule 6A.32 of the GEM Listing Rules.

Pursuant to an agreement dated 13 July 2009 entered into between the Company and the Compliance Adviser, the Compliance Adviser will receive a fee for acting as the Company's compliance adviser for the period from 13 July 2009 to 12 July 2011 or until the agreement is terminated in accordance with the terms and conditions set out therein.

## AUDIT COMMITTEE

The Company established an audit committee on 23 October 2003 with written terms of reference made in compliance with the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Company. The audit committee comprises three independent non-executive directors, Mr Sun Yingcai, Mr Ge Jianya and Mr Ye Jianmei. The audit committee has reviewed this interim report in accordance with the GEM Listing Rules.

By Order of the Board  
**He Chaobing**  
Chairman

Nanjing, the PRC  
9 August 2010

*As at the date of this report, the Board comprises Mr. He Chaobing and Mr. Yang Jianliang, being the executive Directors, Mr. Sun Yingcai, Mr. Ge Jianya and Ms. Ye Jianmei, being the independent non-executive Directors, and Mr. Li Huafei, Mr. He Lianyi and Mr. He Pengjun being the non-executive Directors.*