



# 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)



# 2011 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 2011, the Group realised a turnover of approximately RMB176,995,000, representing a decrease of approximately 0.6% over the same period of 2010.
- Turnover of the Group was mainly from media dissemination, terminal dissemination service and media production businesses, representing approximately 56.88% (2010: 59.04%), 27.18% (2010: 24.49%) and 15.94% (2010: 16.47%) respectively of the gross turnover.
- For the six months ended 30 June 2011, profit attributable to the Group's equity holders was approximately RMB7,833,000, representing an increase of approximately 7% over the same period of 2010. For the three months ended 30 June 2011, profit attributable to equity holders of the Group was approximately RMB6,798,000, representing an increase of approximately 3% over the same period in 2010.
- Earnings per share were approximately RMB0.94 cent (2010: RMB0.88 cent)
- The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2011 (2010: nil).

## CONDENSED CONSOLIDATED STATEMENT OF 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 2011, together with the comparative figures for the corresponding periods in 2010 as follows:

	Notes	For the six months ended 30 June		For the three months ended 30 June	
		2011 RMB'000 Unaudited	2010 RMB'000 Unaudited	2011 RMB'000 Unaudited	2010 RMB'000 Unaudited
Turnover	3	<b>176,995</b>	178,036	<b>99,615</b>	101,331
Cost of sales		<b>(111,913)</b>	(122,727)	<b>(61,094)</b>	(68,821)
Gross profit		<b>65,082</b>	55,309	<b>38,521</b>	32,510
Other income and net (loss)/gain		<b>(38)</b>	392	<b>(69)</b>	277
Distribution costs		<b>(20,156)</b>	(18,343)	<b>(9,866)</b>	(7,919)
Administrative expenses		<b>(25,182)</b>	(21,040)	<b>(13,846)</b>	(12,308)
Finance costs		<b>(6,270)</b>	(5,177)	<b>(3,096)</b>	(2,526)
Profit before income tax	5	<b>13,436</b>	11,141	<b>11,644</b>	10,034
Income tax expenses	6	<b>(2,871)</b>	(1,627)	<b>(2,407)</b>	(1,190)
Profit and total comprehensive income for the period		<b>10,565</b>	9,514	<b>9,237</b>	8,844
Attributable to:					
Owners of the Company		<b>7,833</b>	7,336	<b>6,798</b>	6,617
Non-controlling interests		<b>2,732</b>	2,178	<b>2,439</b>	2,227
		<b>10,565</b>	9,514	<b>9,237</b>	8,844
Earnings per share					
— Basic and diluted (RMB)	8	<b>0.94 cent</b>	0.88 cent	<b>0.82cent</b>	0.79 cent



## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 June 2011 RMB'000 Unaudited	As at 31 December 2010 RMB'000 Audited
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Investment properties		33,179	33,179
Property, plant and equipment		160,373	168,100
Prepaid land lease payments		2,315	2,343
Goodwill		15,679	15,679
Other intangible assets		2,298	2,575
Deposit paid to a fellow subsidiary		38,436	35,790
Deferred tax assets		4,980	4,980
Available-for-sale financial assets		52	52
<b>Total non-current assets</b>		<b>257,312</b>	<b>262,698</b>
<b>Current assets</b>			
Inventories		7,211	9,644
Trade and note receivables	10	155,109	131,656
Other receivables, deposits and prepayments		51,665	50,683
Amount due from a former subsidiary		287	937
Deposit paid to holding company		20,000	20,000
Amount due from a fellow subsidiary		24,327	20,000
Amounts due from related companies		47	1,283
Bank balances and cash		130,287	119,534
<b>Total current assets</b>		<b>388,933</b>	<b>353,737</b>



		<b>As at 30 June 2011 RMB'000 Unaudited</b>	As at 31 December 2010 RMB'000 Audited
<b>Current liabilities</b>			
Trade payables	11	<b>32,429</b>	39,360
Other payables, deposits received and accruals		<b>7,018</b>	6,200
Deferred advertising income		<b>25,821</b>	22,483
Amount due to holding company		<b>15,032</b>	12,644
Bank borrowings		<b>207,000</b>	183,358
Income tax payables		<b>2,780</b>	6,830
Other tax payables		<b>1,059</b>	1,019
<b>Total current liabilities</b>		<b>291,139</b>	271,894
<b>Net current assets</b>		<b>97,794</b>	81,843
<b>Net assets</b>		<b>355,106</b>	344,541
<b>CAPITAL AND RESERVES</b>			
Share capital		<b>83,000</b>	83,000
Reserves		<b>238,944</b>	231,111
<b>Equity attributable to owners of the Company</b>		<b>321,944</b>	314,111
<b>Non-controlling interests</b>		<b>33,162</b>	30,430
<b>Total equity</b>		<b>355,106</b>	344,541



## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share premium and capital reserves	Statutory surplus reserve	Retained profits	Equity attributable to owners of the Company	Non-controlling 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>
As at 1 January 2010	83,000	97,421	23,476	94,386	298,283	321,844
Profit for the period	—	—	—	7,336	7,336	9,514
As at 30 June 2010	83,000	97,421	23,476	101,722	305,619	331,358
Profit for the period	—	—	—	8,492	8,492	13,190
Disposal of a subsidiary	—	—	(14)	14	—	(7)
Appropriations from retained profits	—	—	1,756	(1,756)	—	—
As at 31 December 2010	83,000	97,421	25,218	108,472	314,111	344,541
Profit for the period	—	—	—	7,833	7,833	10,565
As at 30 June 2011	83,000	97,421	25,218	116,305	321,944	355,106



## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30 June 2011 RMB'000 Unaudited	For the six months ended 30 June 2010 RMB'000 Unaudited
Cash flows (used in)/generated from operating activities	(6,886)	13,827
Cash flows used in investing activities	(936)	(11,363)
Cash flows generated from/(used in) financing activities	<u>18,575</u>	<u>(36,665)</u>
Net increase/(decrease) in cash and cash equivalents	10,753	(34,201)
Cash and cash equivalents at the beginning of period	<u>119,534</u>	<u>140,089</u>
Cash and cash equivalents at the end of period	<u><u>130,287</u></u>	<u><u>105,888</u></u>
Bank balances and cash	<u><u>130,287</u></u>	<u><u>105,888</u></u>





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

### 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 2010. The accounting policies and methods of computation used in the preparation of these unaudited condensed consolidated interim financial statements are consistent with those used in the audited annual financial statements of the Group for the year ended 31 December 2010.

### 2. PRINCIPAL ACCOUNTING POLICIES

The consolidated condensed financial statements has been prepared under the historical cost convention, except for investment properties that are carried at fair value. Historical cost is generally based on their fair value of consideration given in exchange of goods.

In the current period, the Group has adopted all new and revised standards, amendments and interpretations (“new HKFRSs”) issued by the HKICPA which are effective for the Group’s financial year beginning 1 January 2011. 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 represents the invoiced value of goods sold and services provided to customers after any allowance and discounts and is analysed as follows:

	For the six months ended 30 June		For the three months ended 30 June	
	2011 RMB’000 <i>Unaudited</i>	2010 RMB’000 <i>Unaudited</i>	2011 RMB’000 <i>Unaudited</i>	2010 RMB’000 <i>Unaudited</i>
Income from media dissemination	100,668	105,116	60,621	64,584
Income from terminal dissemination	48,120	43,590	23,871	22,692
Income from media production	28,207	29,330	15,123	14,055
	<u>176,995</u>	<u>178,036</u>	<u>99,615</u>	<u>101,331</u>



#### 4. SEGMENTAL INFORMATION

Operating segments are reported in a manner consistent with the internal reporting, in accordance with the Group's internal organisation and reporting structure, provided to the chief operating decision-maker to make strategic decisions.

The Group has three reportable segments. The segments are managed separately as each business offers different products and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

- Media dissemination
- Media Production
- Terminal dissemination

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments.

The Group's senior executive management monitors assets and liabilities on a consolidated basis and not by reportable segment. Accordingly, no additional information on assets and liabilities is presented.

##### (a) Segment revenue and results

For the six months ended 30 June 2011 (Unaudited)

	Media Dissemination RMB'000	Media Production RMB'000	Terminal Dissemination RMB'000	Total RMB'000
Revenue from external customers	100,668	28,207	48,120	176,995
Reportable Segment results	42,888	1,739	20,455	65,082
Other income and net loss				(38)
Distribution costs				(20,156)
Administrative expenses				(25,182)
Finance costs				(6,270)
Profit before income tax				13,436



For the six months ended 30 June 2010 (Unaudited)

	Media Dissemination RMB'000	Media Production RMB'000	Terminal Dissemination RMB'000	Total RMB'000
Revenue from external customers	105,116	24,330	43,590	173,036
Reportable Segment results	35,887	1,606	17,816	55,309
Other income and net gain				392
Distribution costs				(18,343)
Administrative expenses				(21,040)
Finance costs				(5,177)
Profit before income tax				11,141

## 5. PROFIT BEFORE INCOME TAX

	For the six months ended 30 June		For the three months ended 31 March	
	2011 RMB'000 Unaudited	2010 RMB'000 Unaudited	2011 RMB'000 Unaudited	2010 RMB'000 Unaudited
Profit before income tax is arrived after charging the following:				
Depreciation	12,464	13,909	6,178	6,858
Amortisation of prepaid land lease payment	28	28	14	14
Amortisation of other intangible assets	113	113	56	56



## 6. INCOME TAX EXPENSES

The provision for PRC Enterprise Income Tax (“EIT”) is based on the estimated taxable income for PRC taxation at the rate of taxation applicable for the year. In accordance with the new PRC Enterprise Income Tax Law which became effective from 1 January 2008, a unified enterprise income tax rate of 25% will be applied to both domestic invested enterprises and foreign-invested enterprises. Enterprises being qualified as a high new technology enterprise in the PRC are subject to an applicable national EIT rate of 15%. Accordingly, the Company is eligible for a preferential EIT rate of 15% for the six months ended 30 June 2011 (31 December 2010: 15%). The subsidiaries of the Company are subject to standard EIT rate of 25% for the six months ended 30 June 2011 (31 December 2010: 25%).

	For the six months ended 30 June		For the three months ended 30 June	
	2011	2010	2011	2010
	RMB'000	RMB'000	RMB'000	RMB'000
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
<b>Taxation charges</b>				
PRC income tax	<u>2,871</u>	<u>1,627</u>	<u>2,407</u>	<u>1,190</u>

## 7. DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2011 (2010: nil).

## 8. EARNINGS PER SHARE

The calculation of the basic earnings per share for the six months ended 30 June 2011 is based on the profit attributable to ordinary equity owners of the Company of RMB7,833,000 (For the six months ended 30 June 2010: RMB7,336,000) and the weighted average number of shares in issue of 830,000,000 (2010: 830,000,000).



## 9. RESERVES

### The Company

	Share capital RMB'000 Unaudited	Share premium and capital reserves RMB'000 Unaudited	Statutory surplus reserve RMB'000 Unaudited	Retained profits RMB'000 Unaudited	Total reserves RMB'000 Unaudited
As at 1 January 2010	83,000	97,252	21,087	97,667	216,006
Total comprehensive income for the period	—	—	—	6,142	6,142
As at 30 June 2010	<u>83,000</u>	<u>97,252</u>	<u>21,087</u>	<u>103,809</u>	<u>222,148</u>
As at 1 January 2011	83,000	97,252	21,087	93,907	212,246
Total comprehensive income for the period	—	—	—	5,718	5,718
As at 30 June 2011	<u>83,000</u>	<u>97,252</u>	<u>21,087</u>	<u>99,625</u>	<u>217,964</u>

## 10. TRADE AND NOTE RECEIVABLES

The Group generally grants an average credit terms of 120 days to major customers and 90 days to others trade customers. The following is an ageing analysis of trade and note receivables, net of allowance at the end of the reporting period is as follows:

	As at 30 June 2011 RMB'000 Unaudited	As at 31 December 2010 RMB'000 Audited
0-90 days	54,174	60,550
91-180 days	27,528	29,373
181-365 days	46,769	19,482
Over 365 days	26,638	22,251
	<u>155,109</u>	<u>131,656</u>



## 11. TRADE PAYABLES

Generally, the average credit terms received from suppliers of the Group and the Company is 90 days. An ageing analysis of trade payables at the end of reporting period is as follows:

	As at 30 June 2011 RMB'000 Unaudited	As at 31 December 2010 RMB'000 Audited
0-90 days	14,446	22,744
91-180 days	2,931	7,446
181-365 days	7,311	2,851
Over 365 days	7,741	6,319
	<u>32,429</u>	<u>39,360</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30 June 2011 (the “Period under Review”), the Group achieved a turnover of approximately RMB176,995,000 (2010: RMB178,036,000), representing a decrease of approximately 0.6% over the same period last year. Profit attributable to the shareholders was approximately RMB7,833,000 (2010: RMB7,336,000), representing an increase of approximately 7% over the same period last year. Earnings per share increased by approximately 7% to RMB0.94 cent. The Board did not recommend any payment of interim dividend for the six months ended 30 June 2011 (2010: nil).

During the Period under Review, turnover from media dissemination, terminal dissemination service and media production businesses represented approximately 56.88% (2010: 59.04%), 27.18% (2010: 24.49%) and 15.94% (2010: 16.47%), respectively of the turnover.

During the Period under Review, the Group's turnover from media dissemination amounted to approximately RMB100,668,000, representing a decrease of approximately 4% 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 under Review, the average launching rate of the Group's outdoor media has been maintained at approximately 70% with major customers coming from various sectors such as fast-moving consumer goods, machinery, real estate, finance and tourism.




During the Period under Review, “Enkon Express Media”, the community media initiated by the Group, continued to be well received by customers and contributed to the Group a turnover and profit of approximately RMB38,320,000 and RMB3,030,000, representing respectively an increase of 22% and 16% over the same period last year. Currently, approximately 8,000 advertising boards targeting 9 million households with medium and high income in nearly 5,500 communities have been set up. The scope of coverage has been extended to cities including Beijing, Shanghai, Guangzhou, Nanjing, Shenzhen, Chengdu, Hangzhou and Shenyang, and contributed approximately 35,000 square metres of outdoor media dissemination resources to the Group.

During the Period under Review, “Enkon Express Media” focused on expansion into sectors including finance, tourism, communication and fast-moving consumer goods. It has entered into cooperation agreements with Industrial and Commercial Bank of China, Suning Electric, China Sciences Group, Sanyuan Foods, Jiangxi Satellite TV, Wuzhen Travel (烏鎮旅遊), GOME, Yunnan Satellite TV. It has also formed partnership with various leading domestic and international brands such as China Mobile, Mazda, NVC Lighting, Carrefour, Walmart, China Telecom, 新城市置業 and Shenyin & Wanguo, China Minsheng Bank and China UnionPay, which further consolidated its leading position in the market.

During the Period under Review, “Outdoor Media” has commenced cooperation with well-known enterprises such as Meifu (美孚), Anhui Satellite TV, Jiangsu Sujiu (江蘇蘇酒) and Wuzhen Travel (烏鎮旅遊) with a contract value over RMB25,000,000.

The Group continued to further its terminal dissemination service business during the period. As of 30 June 2011, turnover of the terminal dissemination service business amounted to approximately RMB48,120,000, representing an increase of approximately 10% over the same period last year.

During the Period under Review, “Terminal Dissemination” continued to serve customers such as Nike, Wang Laoji, Walmart, Huatai Securities, CR Vanguard, Li Ning and BestBuy. In particular, the contracted value of projects such as the Wang Laoji project, the Walmart project and the Huatai Securities project amounted to approximately RMB10,000,000. In view of the opportunities brought by international events, including the 2011 Shenzhen Universiade and the 2014 Nanjing Youth Olympic Games, the Group accelerated progress in government tender invitation and bidding projects and won a number of projects including the Shenzhen Universiade. After successfully winning the bid for the 26 landscape projects for the 2008 Beijing Olympic Games and 13 landscape projects for the 2010 Guangzhou Asian Games, the Group continued to win the landscape projects for the Nanshan Arena and Main Arena of the 26th Summer Universiade as well as the urban landscape project with the aggregate contract value of RMB14,030,000 by leveraging on its solid capabilities and abundant experiences. The Group was the only enterprise which won three bids in this particular event. During the period under Review, the Group’s 360° Business Terminal Manager served a number of renowned domestic and international brands including Nike, Guangzhou Pharmaceutical Company, Midea, Master Kong, Puma, B&Q, Wang Laoji, Wal-mart and Huatai Securities.



During the Period under Review, turnover of the Group's media production business was approximately RMB28,207,000, representing a decrease of approximately 4% as compared with the corresponding period of last year and accounting for approximately 15.94% of the Group's total turnover.

As one of the top four advertising enterprises in China, the Group has won recognition from peers for its contributions to the industry. During the Period under Review, the Group received a number of honours and rewards, including "Top 10 Outdoor Media Suppliers Award (中國十大戶外媒體供貨商大獎)", and ranked among the "Top 500 Enterprises of Jiangsu Province" (蘇商500強). Our "Enkon Express Media" was awarded the "Most Valued Outdoor Media of China (中國最具投放價值戶外媒體)" of the "China Advertisers Summit - the Third China Advertising JinYuan Award (中國主峰會暨第三屆中國廣告金遠獎)" for its outstanding performances. Mr. He Chaobing, the Chairman of the Group, was awarded for the "Top 10 Leaders of the Cultural and Innovative Industry of Jiangsu Province in 2011 (2011江蘇文化創意產業十大領軍人物)" and the "China Outdoor Media leader Award 2011 (2011中國戶外傳播領軍人物大獎)". He was also awarded for the "Honorable Award of 30 Figures Affecting Chinese Advertising Industry (影響中國廣告30年人物榮譽大獎)" on the "Chinese Advertising and Brand Meeting 2011 (2011中國廣告與品牌大會)" organised by China Advertising Magazine (《中國廣告》), which reflects his outstanding contributions to the industry. In addition, in respect of the integrated control and management business, the Shanghai branch of the Group has successfully completed the establishment of safety and security systems for Shanghai Expo required by Shanghai Municipal Party Committee and Shanghai Municipal Government and was named as "Safety Unit of Shanghai (上海市平安單位)".

## OUTLOOK

The PRC economy has been growing steadily. Both national income and purchasing power have increased. All enterprises have increased their spending on advertising. The favorable national policies have promoted the new development of advertising industry. The Group believes in the great potential of the advertising industry in China and is confident on the mid-to-long term development of outdoor media business in China.

In 2010, the cultural industry was initially included in the proposed "12th Five Year Plan". According to the summary of "12th Five Year Plan" issued in March this year, it was again proposed to promote cultural industry as a pillar industry of domestic economy in order to improve its overall strength and competitiveness and realise a double increase within five years. Such plan aims to develop the cultural industry, promote the cultural and technological innovation, expand the scope and quality of cultural industry, cultivate and develop emerging cultural businesses so as to establish a systematic foundation for its sustainable growth. The summary of "12th Five Year Plan" also specifies to accelerate the development of the infrastructure of information and communication technology, actively promote the integration of telecommunication network, broadcast network and internet, coordinate and plan for the industrialisation,





layout and application of internet of things with an aim to establishing a relatively comprehensive standard system. The Chinese government also initiated the funding application for the internet of things, enhanced the coordination of industrial policies, encouraged and developed a number of core enterprises with international competitiveness. Leveraging on such favorable policies, the cultural industry has gradually emerged and the internet of things business has developed healthily. As a result, we are optimistic about the prospect of the Group's future development.

Looking forward, China will hold various international events such as the 2011 Shenzhen Universiade and the 2014 Nanjing Youth Olympic Games, which are anticipated to create new opportunities for the PRC advertising market, thereby increasing the market demand for outdoor advertising. The Group will take the opportunity to expand its business to second and third tier cities to enlarge its penetration in the domestic market by reasonably allocating its resources and actively seeking strategic partners. In addition to increasing the market shares of its leading brand, "Enkon Express Media", and expanding new business platforms, the Group will also consider the integration of outdoor media services with new technology to increase media values and customer values. It is the policy of the Group to become an intelligent marketing media group which focuses on innovative technology. The Group is 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 2011 (the "Period under Review"), the Group's turnover was approximately RMB176,995,000, representing a decrease of approximately 0.6% as compared with the corresponding period of last year.

### **GROSS PROFIT**

During the Period under Review, gross profit was approximately 36.77%, representing an increase of approximately 5.7 percentage points over 31.07% of the corresponding period of last year.

### **DISTRIBUTION COSTS**

During the Period under Review, distribution costs increased by 10% as compared with the corresponding period of last year. The increase was mainly due to the increase in compensation for its staff.

### **ADMINISTRATION EXPENSES**

During the Period under Review, administration expenses increased by 19.7% as compared with the corresponding period of last year, mainly attributable to an increase in development expenses of new projects.



## **FINANCIAL COSTS**

During the Period under Review, financial costs were approximately RMB6,270,000, representing an increase of 21% as compared with the corresponding period of last year.

## **DIVIDENDS**

The Board did not recommend distribution of an interim dividend for the six months ended 30 June 2011 (2010: 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 2011, 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 2011, net current assets were approximately RMB97,794,000 (As at 31 December 2010: approximately RMB81,843,000).

As at 30 June 2011, bank balance and cash held by the Group amounted to approximately RMB130,287,000. The Group has bank borrowings of approximately RMB207,000,000. Net debt to equity ratio was approximately 22%, i.e. the percentage of bank loans less bank balance and cash in net assets amounting to RMB355,110,000 (As at 31 December 2010: net debt to equity ratio was approximately 19%).

## **RISK OF FOREIGN EXCHANGE**

As the Group's income and expenditure are denominated in RMB, therefore, the Group has no exposure to any 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 2011, the Group has 1,050 full-time staff. During the Period under Review, cost of staff was approximately RMB24,640,000 (Corresponding period in 2010: approximately RMB22,010,000).

## **CONTINGENT LIABILITIES**

As at 30 June 2011, 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 2011.

## **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 2011, 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)	418,000,000 domestic shares of RMB0.10 each (L)	72.07%
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:

- All of the persons named above are Directors, except Ms. Wang Mingmei who is a Supervisor.
- The letter “L” denotes the Director’s/Supervisor’s long positions in such shares.
- The interests in the domestic shares were held through 大賀投資控股集團有限公司 (Former “Jiangsu Dahe International Advertising Group Co., Ltd”) which was 90% and 10% owned by Mr. He Chaobing and Mr. He Pengjun, son of Mr. He Chaobing, respectively.

Save as disclosed above, as at 30 June 2011, 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 2011, 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)
大賀投資控股集團有限公司 (note 5)	Beneficial owner	418,000,000 domestic shares of RMB0.10 each (L)	72.07%	50.36%
He Chaobing	Interest of a controlled corporation (note 2)	418,000,000 domestic shares of RMB0.10 each (L)	72.07%	50.36%
Yan Fen	Interest of spouse (note 3)	418,000,000 domestic shares of RMB0.10 each (L)	72.07%	50.36%

#### 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 大賀投資控股集團有限公司 which was 90% and 10% owned by Mr. He Chaobing and Mr. He Pengjun, 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.
5. Jiangsu Dahe International Advertising Group, Co., Ltd. changed its name to "大賀投資控股集團有限公司" in March 2011.

## 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 2011, 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 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)	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 2011 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 2011 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 Ms. 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  
8 August 2011

*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.*

*This announcement will remain on the "Latest Company Announcements" page of the GEM website and the Company's website ([http:// www.dahe-ad.com](http://www.dahe-ad.com)) for at least seven days from the date of its posting.*

\* *For Identification purpose only*