



大賀傳媒股份有限公司
DAHE MEDIA CO., LTD.*

(前稱為 [南京大賀戶外傳媒股份有限公司]，前英文名稱為 [NANJING DAHE OUTDOOR MEDIA CO., LTD.]*)
(於中華人民共和國註冊成立的股份有限公司)
(股份編號：8243)



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)



2012

第三季度業績報告

*僅供識別之用



2012

Third Quarterly 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 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 Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) for the purpose of giving information with regard to Dahe Media Co., Ltd.. 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 deceptive, and there are no other matters the omission of which would make this report or any statement therein misleading.



HIGHLIGHTS

- For the nine months ended 30 September 2012, the Group achieved a turnover of approximately RMB318,760,000, representing an increase of approximately 14.7% over the same period of 2011.
- Gross turnover for the nine months ended 30 September 2012 of the Group was mainly attributed from media dissemination, terminal dissemination service and media production businesses, representing approximately 59.88% (2011: 54.84%), 23.12% (2011: 30.05%) and 17% (2011: 15.11%) respectively of the gross turnover.
- For the nine months ended 30 September 2012, profit attributable to the equity holders of the Group was approximately RMB9,805,000 representing a decrease of approximately 6.8% over the same period of 2011.
- Earnings per share were approximately RMB1.18 cent (2011: RMB1.27 cent).
- The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2012 (2011: nil).



CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

The Board of Directors (“Directors”) 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 nine months and three months ended 30 September 2012, together with the comparative figures for the corresponding periods in 2011 as follows:

	Notes	Unaudited For the nine months ended 30 September		Unaudited For the three months ended 30 September	
		2012 RMB'000	2011 RMB'000	2012 RMB'000	2011 RMB'000
Turnover	3	318,764	277,770	115,337	100,775
Cost of sales		<u>(218,325)</u>	<u>(182,755)</u>	<u>(78,881)</u>	<u>(70,842)</u>
Gross profit		100,439	95,015	36,456	29,933
Other revenue and net gain		334	664	764	702
Distribution costs		<u>(29,205)</u>	<u>(30,080)</u>	<u>(9,782)</u>	<u>(9,924)</u>
Administrative expenses		<u>(41,434)</u>	<u>(37,285)</u>	<u>(17,522)</u>	<u>(12,103)</u>
Finance costs		<u>(13,014)</u>	<u>(9,739)</u>	<u>(4,981)</u>	<u>(3,469)</u>
Profit before taxation	5	17,120	18,575	4,935	5,139
Income tax	6	<u>(3,174)</u>	<u>(4,486)</u>	<u>(1,163)</u>	<u>(1,615)</u>
Profit and total comprehensive income for the period		<u>13,946</u>	<u>14,089</u>	<u>3,772</u>	<u>3,524</u>
Profit and other comprehensive income attributable to:					
Owners of the Company		9,805	10,519	2,396	2,686
Non-controlling interests		<u>4,141</u>	<u>3,570</u>	<u>1,376</u>	<u>838</u>
		<u>13,946</u>	<u>14,089</u>	<u>3,772</u>	<u>3,524</u>
Earnings per share					
– Basic and diluted (RMB)	7	<u>1.18 cent</u>	<u>1.27 cent</u>	<u>0.29 cent</u>	<u>0.32 cent</u>



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS:

1. BASIS OF PREPARATION

These unaudited quarterly results of the Group for the nine months ended 30 September 2012 have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which also include Hong Kong Accounting standards (“HKASs”) and interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the disclosure requirements of Chapter 18 of the GEM Listing Rules.

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies adopted are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2010.



3. TURNOVER

Turnover, which is also revenue, represents the invoiced value of goods sold and service provided to customers after any allowance and discounts and is analysed as follows:

Turnover by segments

	Unaudited		Unaudited	
	For the nine months ended 30 September		For the three months ended 30 September	
	2012	2011	2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000
Income from the business of media dissemination	190,867	152,332	60,794	51,664
Income from the business of terminal dissemination service	73,691	83,457	28,685	35,337
Income from the business of media production business	54,206	41,981	25,858	13,774
	<u>318,764</u>	<u>277,770</u>	<u>115,337</u>	<u>100,775</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 nine months ended September 2012 (unaudited)

	Media Dissemination RMB' 000	Media Production RMB' 000	Terminal Dissemination RMB' 000	Total RMB' 000
Revenue from external customers	<u>190,867</u>	<u>54,206</u>	<u>73,691</u>	<u>318,764</u>
Reportable Segment results	65,154	4,154	31,131	100,439
Other income and net loss				334
Distribution costs				(29,205)
Administrative expenses				(41,434)
Finance costs				<u>(13,014)</u>
Profit before income tax				<u>17,120</u>

For the nine months ended September 2011 (unaudited)

	Media Dissemination RMB' 000	Media Production RMB' 000	Terminal Dissemination RMB' 000	Total RMB' 000
Revenue from external customers	<u>152,332</u>	<u>41,981</u>	<u>83,457</u>	<u>277,770</u>
Reportable Segment results	62,963	2,782	29,270	95,015
Other income and net loss				664
Distribution costs				(30,080)
Administrative expenses				(37,285)
Finance costs				<u>(9,739)</u>
Profit before income tax				<u>18,575</u>



5. PROFIT BEFORE INCOME TAX

	Unaudited For the nine months ended 30 September		Unaudited For the three months ended 30 September	
	2012	2011	2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000
Profit before income tax is arrived after charging the following:				
Depreciation	16,726	18,315	5,697	5,851
Amortisation of prepaid land lease payment	43	43	15	15
Amortisation of other intangible assets	407	413	290	300
	<u>3,174</u>	<u>4,486</u>	<u>1,163</u>	<u>1,615</u>

6. INCOME TAX

	Unaudited For the nine months ended 30 September		Unaudited For the three months ended 30 September	
	2012	2011	2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000
Provision for PRC income tax	<u>3,174</u>	<u>4,486</u>	<u>1,163</u>	<u>1,615</u>

7. EARNINGS PER SHARE

The calculation of the basic earnings per share for the nine months ended 30 September 2012 is based on the unaudited profit attributable to owners of the Company of approximately RMB9,805,000 (2011: RMB10,519,000) and the weighted average number of shares in issue of 830,000,000 (2011: 830,000,000) during the period.

The Company has no dilutive potential shares in issue during the period (2011: Nil).

8. RESERVES

	Share capital RMB' 000 Unaudited	Share premium and capital reserves RMB' 000 Unaudited	Statutory surplus reserve RMB' 000 Unaudited	Other reserves RMB' 000 Unaudited	Retained profits RMB' 000 Unaudited	Attributable to owners of the Company RMB' 000 Unaudited
As at 1 January 2011	83,000	97,421	25,218	—	108,472	314,111
Profit and total comprehensive income for the period	—	—	—	—	10,519	10,519
As at 30 September 2011	<u>83,000</u>	<u>97,421</u>	<u>25,218</u>	<u>—</u>	<u>118,991</u>	<u>324,630</u>

	Share capital RMB' 000 Unaudited	Share premium and capital reserves RMB' 000 Unaudited	Statutory surplus reserve RMB' 000 Unaudited	Other reserves RMB' 000 Unaudited	Retained profits RMB' 000 Unaudited	Attributable to owners of the Company RMB' 000 Unaudited
As at 1 January 2012	83,000	97,421	25,218	(844)	122,033	326,828
Profit and total comprehensive income for the period	—	—	—	—	9,805	9,805
As at 30 September 2012	<u>83,000</u>	<u>97,421</u>	<u>25,218</u>	<u>(844)</u>	<u>131,838</u>	<u>336,633</u>



MANAGEMENT DISCUSSION AND ANALYSIS

For the nine months ended 30 September 2012 (the “Period under Review”), the Group achieved a turnover of approximately RMB318,760,000 (2011: RMB277,770,000), representing an increase of approximately 14.7% over the same period last year. During the period, profit attributable to the shareholders was approximately RMB9,805,000 (2011: RMB10,519,000), representing a decrease of approximately 6.8% over the same period last year. Earnings per share decreased by approximately 7% to RMB1.18 cent (2011: 1.27 cent).

The Group’s revenue from outdoor advertising media dissemination business, terminal dissemination service and outdoor advertising media production business accounted for approximately 59.88% (2011: 54.84%), 23.12% (2011: 30.05%) and 17% (2011: 15.11%) of the turnover respectively. The Board does not recommend the payment of the interim dividend for the nine months ended 31 September 2012 (2011: nil).

Media dissemination businesses

During the Period under Review, the Group’s turnover from outdoor advertising media dissemination business amounted to approximately RMB190,867,000, representing an increase of approximately 25.3% over the same period last year. Currently, the Group has outdoor media resources of approximately 200,000 square metres in total, including billboards in expressways, billboards on building roofs in urban areas and landscape boards along roads. Its business coverage has extended to 64 major cities across China. During the period, the average launching rate of the Group’s outdoor media has maintained at approximately 70% with major customers coming from various sectors such as fast-moving consumer goods, media, real estate, finance and tourism.

“Enkon Express Media”, the community media initiated by the Group, continued to be well received and supported by customers. During the period, it contributed to the Group a turnover and profit of approximately RMB67,930,000 and RMB4,330,000 respectively, representing an increase of 7% in income and a decrease of 6% in profit respectively over the same period last year due to higher cost. 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.



Meanwhile, “Enkon Express Media” continued to focus 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, Xiwang Food(西王食品), Sanyuan Foods, Wuzhen Travel (烏鎮旅遊), GOME, Anhui Satellite TV, Jiangsu Satellite TV and Shandong Satellite TV. It has also formed partnership with various leading domestic and international brands such as China Mobile, Carrefour, Walmart, China Telecom, New City Real Estate (新城市置業), China Minsheng Bank, China UnionPay, JDB China, Inner Mongolia Mengniu Dairy, Shenzhen Media Group, Tangshan Travel (唐山旅遊) and Shandong Hengan Paper (山東恆安紙業).

In addition, the upgraded version of “Enkon Express Media 3.0” combines brand promotion and community sales, including high-definition lamphouse, wireless e-magazines, one-stop community payment service, video-ads, dynamic outdoor and community activities and social media marketing. An innovative dissemination platform was established to cater to diversified customer business and provide professional “advertising + marketing” services to incorporate functions such as media dissemination, commonweal community information dissemination and self-service payment in daily life. At the “China Electronic Commerce Brand Conference and the First Website Benchmark Award” (中國電商品牌大會暨首屆網標獎), the case of “Wang Laoji Community Media Marketing” won the “Case Study Award (經典案例大獎)”. During the period, “Outdoor Media” has commenced cooperation with well-known enterprises such as Eastern Metropolis Newspaper (東方都市報業), Xuzhou Coal Mining Group, Jiangshu Guangsha Real Estate Development (江蘇廣廈房地產開發), Jiangsu Sujiu (江蘇蘇酒), Wuzhen Travel, China Life, Fengnaibao (蜂乃寶) and Bank of Communications with a contract value of over RMB12,000,000.

Dahe Group officially launched two large outdoor advertising LED screens located in Xinjiekou, the core business circle of Nanjing. Located at Golden Eagle International Shopping Centre (金鷹國際購物中心) and Golden Eagle Tiandi International Shopping Centre (金鷹天地國際購物中心) and with an display area of nearly 1,000 square metres, these advertising screens provide more dynamic methods for clients to display their advertisements, which shows that Dahe has entered its era of dynamic advertising.



Terminal dissemination service and media production business

During the period, the Group continued to further its terminal dissemination service business, and recorded a turnover of approximately RMB73,691,000, representing a decrease of approximately 11.7% over the same period last year.

“Terminal Dissemination” continued to serve well-known brands such as Nike, JDB, Walmart, CR Vanguard, Li Ning, KFC and LEE. In particular, the contracted value of projects such as the JDB project, the Walmart project, the KFC project and the Nike Project amounted to nearly RMB37,000,000.

During the Period under Review, the turnover of the Group’s media production business was approximately RMB54,206,000, representing an increase of approximately 29% as compared with the same period last year and accounting for approximately 17% of the Group’s total turnover.

New business

During the period, the website of “Sina Jiangsu” jointly established by the Group and Sina was officially launched. It provided localised news, leisure, entertainment and life-style information to users in Jiangsu with the best services and products of web 2.0. The establishment of Sina Jiangsu marked the Group’s commencement of Internet operation and enhanced its capacity in Internet dissemination. The Group’s marketing and dissemination industrial chain was optimised through the integration of its businesses such as brand planning, media release, production engineering, public relations, the Internet and new media. These new business are expected to lay a solid foundation for the Group’s future development.



Awards and honors

During the period, the Group has won a number of awards and honors received wide recognition from peers for its contribution to the industry.

Dahe Group

September 2012

The Purple Mountain Summit for Enterprises from Both Sides of the Taiwan Strait opened in Nanjing, with a subject of “Cooperation Between Enterprises from Both Sides of the Taiwan Strait amid Global Economic Adjustment—from ECFA to Common Market for Both Sides” (“世界經濟調整中的兩岸合作—從ECFA到兩岸共同市場”). Dahe Group has supported the summit by assisting the Taiwan Affairs Office of the State Council and its provincial and municipal branches in holding the summit. By sticking to the principle of the summit to reinforce the cooperation between Nanjing and Taiwan, thoughtful planning, efficient implementation and innovative ideas, Dahe Group has won great recognition from the organization committee of the summit.

Chairman

During the period, Mr. He Chaobing, our Chairman, led the Group to reach a new height again. Mr. He was recognised as “Outstanding Builder of Socialism with Chinese Characteristics in Nanjing (南京市優秀中國特色社會主義事業建設者)” by the municipal party committee and the municipal government for promoting the development of the creative industry in Nanjing and making significant contribution to economic development. The tenth member meeting of Jiangsu Federation of Industry and Commerce was held in Nanjing. At the meeting, members of the tenth management team of Jiangsu Federation of Industry and Commerce was elected, and Mr. He Chaobing, our Chairman, was elected a member of the tenth Executive Committee of Jiangsu Federation of Industry and Commerce. His leadership was well-recognised by the industry.



OUTLOOK

In the first three quarters of 2012, with the steady growth of China's economy and the growing personal income and spending power, the advertising industry maintained growth but its growth has slowed down. It has entered the optimization stage of integration and enhancement from the stage of rapid growth. The Group believes there is great potential for China's outdoor media, and is optimistic about its long-term development.

Since the issue of the 12th Five Year Plan for Advertising Industry, the State has put great efforts in supporting the development of the cultural industry, and has included the development of the advertising industry in national development strategies. A number of supportive policies for the cultural industry have been introduced to enable it to become a pillar industry for China's economy, which has speeded up the development of the advertising industry. In April 2012, the State Administration for Industry and Commerce issued the Opinions on Facilitating the Implementation of Advertising Strategies (“關於推進廣告戰略實施的意見”), which represented a strong policy support for the advertising industry. Also, the State aims to facilitate economic growth through expanding domestic demand, and provinces and cities across the country have been improving the infrastructure. This is set to accelerate the development of the advertising industry, with a target annual growth of 20%. As the world enters a new era of prosperous cultural growth, together with the national favorable policies, we are fully confident in the Group's development.

Looking forward, the Group will accelerate its adjustment and expand into more business areas. During the period, two large outdoor advertising LED screens, with a display area of nearly 1,000 square metres, were set up in Nanjing's core business circle, which are expected to contribute to the Group's revenue from advertising and to pave the way for the Group's development of dynamic outdoor advertising. As a Class A National Advertising Enterprise, the Group will continue to expand its e-commerce, digital media and social media business by collaborating with strategic partners such as Sina, in order to grasp the opportunities brought by new media, which is expected to bring consider revenue in the foreseeable future. The Group will take the opportunities to allocate its resources reasonably, actively seek strategic partners and expand into second- and third-tier cities in China, so as to increase its market share. As always, the Group will continue to enhance its media dissemination and terminal dissemination service and strive to establish new business platforms, with the aim of becoming a world-class advertising group in the brand-new digital media era.



FINANCIAL REVIEW

TURNOVER

During the Period under Review, the Group's turnover was approximately RMB318,760,000, representing an increase of approximately 14.7% as compared with the corresponding period of 2011.

GROSS PROFIT MARGIN

During the Period under Review, gross profit margin was approximately 31.5%, representing a decrease of approximately 2.7% over 34.2% for the corresponding period of 2011.

DISTRIBUTION COSTS

During the Period under Review, distribution costs decreased by 3% as compared with the corresponding period of 2011.

ADMINISTRATION EXPENSES

During the Period under Review, administration expenses increased by 11% as compared with the corresponding period of 2011, mainly attributable to an increase in development expenses and staff cost for new projects.

FINANCIAL EXPENSES

During the Period under Review, financial expenses were approximately RMB13,014,000, representing an increase of 33.6% as compared with the corresponding period of 2011.

DIVIDENDS

The Directors do not recommend distribution of an interim dividend for the nine months ended 30 September 2012 (2011: 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 September 2012, the Group has yet 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 September 2012, net current asset was approximately RMB126,684,000 (As at 31 December 2011: approximately RMB105,109,000).

As at 30 September 2012, bank balance and cash held by the Group amounted to approximately RMB154,755,000. The Group's Bank borrowings amounted to approximately RMB287,000,000. Net debt to equity ratio was approximately 35%, i.e. the percentage of bank loans less bank balance and cash in net assets, amounting to RMB379,677,000 (As at 31 December 2011, net debt to equity ratio was approximately 23%).

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 of subsidiaries and associated companies.

STAFF

As at 30 September 2012, the Group has about 1,000 full-time staff. During the Period under Review, cost of staff was approximately RMB40,590,000 (Corresponding period in 2011: approximately RMB36,630,000).



CONTINGENT LIABILITIES

As at 30 September 2012, the Group has not 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 September 2012.

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.



A. Directors, chief executives and Supervisors

As at 30 September 2012, the interests and short positions of Directors and the Supervisors of the Company (as if the requirements applicable to Directors under the 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) which (a) were that required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors and the Supervisors is taken or deemed to have under such provisions of the SFO); or (b) were required pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange were as follows:

(i) the Company

Name of Director/ Supervisor <i>(Note 1)</i>	Capacity	Number and class of securities <i>(Note 2)</i>	Approximate percentage of shareholding in the relevant class of securities	Approximate percentage of shareholding in the issued share capital of the Company
He Chaobing	Interest of a controlled corporation <i>(Note 3)</i>	418,000,000 Domestic Shares (L)	72.07%	50.36%
He Lianyi	Beneficial owner	6,400,000 Domestic Shares (L)	1.10%	0.77%
Wang Mingmei	Beneficial owner	3,800,000 Domestic Shares (L)	0.66%	0.46%

Notes:

1. All of the persons named above are Directors, except Ms. Wang Mingmei who is a Supervisor of the Company.
2. The letter "L" denotes a long position in the shares.
3. The interests in the domestic shares were held through the Dahe Investment Holdings Group, Co., Ltd. ("DIHG") which was 99% and 1% owned by He Chaobing and Ms. Yan Fen, spouse of Mr. He, respectively.



(ii) the associated corporations

Name of Director/ Supervisor	Name of the associated corporation	Capacity	Number and class of securities (Note 1)	Approximate percentage of shareholding in the issued share capital of the associated corporation
He Chaobing	DIHG	Beneficial owner	418,000,000 Shares (L)	99%
He Pengjun	Nanjing Ultralon Investment Management Co., Ltd.* (南京歐特龍投資管理有限公司)	Beneficial owner	500,000 Shares (L)	10%

Notes:

1. The letter "L" denotes a long position in the shares.

Save as disclosed above, none of the Directors or chief executives of the Company is aware of any other Directors or chief executives of the Company who has any interests or short positions in any Shares and underlying shares in, and debentures of, the Company or any associated corporation as at 30 September 2012.

Save and except He Chaobing, who is the director of DIHG, none of the Directors or proposed Directors has an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.



B. Substantial Shareholders

As at 30 September 2012, according to the records in the register which required to be kept under section 336 of the SFO, the following persons, other than Directors, chief executives or Supervisors of the Company, had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name of Shareholder	Company/ name of the member of the Group	Capacity	Number and class of securities (Note 1)	Approximate percentage of shareholding in the relevant class of securities	Approximate percentage of shareholding in the issued share capital of the Company/ member of the Group
DIHG	Company	Beneficial owner	418,000,000 Domestic Shares (L)	72.07%	50.36%
Yan Fen	Company	Interest of spouse (Note 2)	418,000,000 Domestic Shares (L)	72.07%	50.36%
Nanjing Ultralon Investment Management Co., Ltd.* (南京歐特龍投資管理有限公司)	Hangzhou Ultralon Advertising Co., Ltd.* (杭州歐特龍廣告有限公司)	Beneficial owner	150,000 Shares (L)	10%	10%
Chengdu Xintianjie Advertising Co., Ltd.* (成都新天杰廣告有限公司)	Sichuan Xintianjie Media Technology Development Co., Ltd.* (四川新天杰傳媒科技發展有限公司)	Beneficial owner	9,000,000 Shares (L)	45%	45%



Name of Shareholder	Company/ name of the member of the Group	Capacity	Number and class of securities (Note 1)	Approximate percentage of shareholding in the relevant class of securities	Approximate percentage of shareholding in the issued share capital of the Company/ member of the Group
DIHG	Ankang International	Beneficial owner	490,000 Shares (L)	49%	49%
Gao Huajun	Nanjing Dahe Colour Printing Co., Ltd.* (南京大賀彩色印刷有限公司)	Beneficial owner	2,000,000 Shares (L)	10%	10%
Hebei Dalong Media Co., Ltd.* (河北大龍傳媒有限公司)	Hebei Dahe Media Co., Ltd.* (河北大賀傳媒有限公司)	Beneficial owner	3,036,000 Shares (L)	33%	33%

Notes:

1. The letter "L" denotes a long position in the Shares.
2. Ms. Yan Fen is the wife of He Chaobing and is deemed to be interested in the shares in which Mr. He is interested under the provision of Divisions 2 and 3 of Part XV of the SFO.

Save as the disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company which will have to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO as at 30 September 2012.



C. Other persons who are required to disclose their interests pursuant to divisions 2 and 3 of part XV of the SFO

As at 30 September 2012, save for the persons/entities disclosed in subsection B above, the following entities/persons had an interest or a short position in the Shares and underlying Shares as recorded in the register required to be kept under section 336 of the SFO:

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 issued share capital of the Company
Yan Jian	Beneficial owner	71,800,000 Domestic Shares (L)	12.37%	8.66%
Nanjing State-owned Assets Investment Management Holdings (Group) Co. Ltd.* (南京市國有資產投資管理控股(集團)有限責任公司)	Beneficial owner	50,000,000 Domestic Shares (L)	8.62%	6.02%
Nanjing Pukou Ink Printing Factory* (南京市浦口區晨威油墨廠)	Beneficial owner	30,000,000 Domestic Shares (L)	5.17%	3.61%

Notes:

1. The letter "L" denotes the person's/entity's long position in the Shares.
2. The interests in the domestic shares will be held through Nanjing Hi-Tech Venture Capital Co., Ltd., the registered capital of which is 56.39% owned by Nanjing Zijin Investment Co., Ltd. (南京紫金投資集團有限責任公司).

Save as disclosed above, no other person/entity had an interest or a short position in the Shares and underlying Shares as recorded on 30 September 2012 in the register required to be kept under section 336 of the SFO.



COMPETING INTEREST

None of the Directors, the controlling 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 (from 1 January to 31 March 2012) and Corporate Governance Code (from 1 April to 30 September 2012) 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.

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 third quarterly report in accordance with the GEM Listing Rules.

By Order of the Board

He Chaobing

Chairman and Executive Director

Nanjing, the PRC
13 November 2012

As at the date of this report, the Board comprises Mr. He Chaobing and Ms. Lu Yin, 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.

* For identification purpose only