



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)



2013

First Quarterly Report

*For identification Purposes only

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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities trade on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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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 GEM of The Stock Exchange of Hong Kong Limited 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 and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.



HIGHLIGHTS

- For the three months ended 31 March 2013, the Group realised a turnover of approximately RMB92,272,000, representing an increase of approximately 2% over the same period of 2012.
- Gross turnover of the Group for the three months ended 31 March 2013 was mainly from media dissemination, terminal dissemination and media production businesses, representing approximately 64.71% (three months ended 31 March 2012: 62.38%), 21.81% (three months ended 31 March 2012: 23.87%) and 13.48% (three months ended 31 March 2012: 13.75%) respectively of the gross turnover.
- For the three months ended 31 March 2013, profit attributable to the owners of the Company was approximately RMB1,060,000, representing an decrease of approximately 4% over the same period of 2012.
- Earnings per share were approximately RMB0.13 cent (2012: RMB0.13 cent)
- The Board did not recommend the payment of an interim dividend for the three months ended 31 March 2013 (2012: nil).



The Board of Directors (the “Board”) of Dahe Media Co., Ltd. (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (together the “Group”) for the three months ended 31 March 2013, together with the comparative figures for the corresponding period in 2012 as follows, which has been reviewed by the audit committee of the Company:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	For the three months ended 31 March	
		2013 RMB'000 Unaudited	2012 RMB'000 Unaudited
Turnover	2	92,272	90,356
Cost of sales		(62,393)	(63,974)
Gross profit		29,879	26,382
Other income and net gain		(68)	992
Distribution costs		(10,333)	(10,522)
Administrative expenses		(12,734)	(10,911)
Profit from operations		6,744	5,941
Finance costs		(4,662)	(3,715)
Profit before income tax		2,082	2,226
Income tax expenses	5	(441)	(607)
Profit and total comprehensive income for the period		1,641	1,619
Attributable to:			
Owners of the Company		1,060	1,107
Non-controlling interests		581	512
		1,641	1,619
Earnings per share			
– Basic (RMB)	7	0.13 cent	0.13 cent



NOTES TO THE CONDENSED FINANCIAL INFORMATION

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 2012. 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 2012.

2. 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 three months ended 31 March	
	2013	2012
	RMB'000	RMB'000
	Unaudited	Unaudited
Income from the media dissemination	59,706	56,362
Income from terminal dissemination	20,122	21,570
Income from media production	12,444	12,424
	<u>92,272</u>	<u>90,356</u>



3. SEGMENT REVENUE AND RESULTS

For the three months ended 31 March 2013 (unaudited)

	Media Dissemination RMB'000	Media Production RMB'000	Terminal Dissemination RMB'000	Total RMB'000
Revenue from external customers	<u>59,706</u>	<u>12,444</u>	<u>20,122</u>	<u>92,272</u>
Reportable Segment results	21,050	1,799	7,030	29,879
Other income and net loss				(68)
Distribution costs				(10,333)
Administrative expenses				(12,734)
Finance costs				<u>(4,662)</u>
Profit before income tax				<u>2,082</u>

For the three months ended 31 March 2012 (unaudited)

	Media Dissemination RMB'000	Media Production RMB'000	Terminal Dissemination RMB'000	Total RMB'000
Revenue from external customers	<u>56,362</u>	<u>12,424</u>	<u>21,570</u>	<u>90,356</u>
Reportable Segment results	21,265	(712)	5,829	26,382
Other income and net loss				992
Distribution costs				(10,522)
Administrative expenses				(10,911)
Finance costs				<u>(3,715)</u>
Profit before income tax				<u>2,226</u>



4. PROFIT BEFORE INCOME TAX

	For the three months ended 31 March	
	2013	2012
	RMB'000	RMB'000
	Unaudited	Unaudited
Profit before income tax		
is arrived after charging the following:		
Depreciation	6,479	5,537
Amortisation of prepaid land lease payment	14	14
Amortisation of other intangible assets	134	136

5. INCOME TAX EXPENSE

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. The Company is subject to standard EIT rate of 25% for the three months ended 31 March 2013 (2012: 15%). The subsidiaries of the Company are subject to standard EIT rate of 25% for the three months ended 31 March 2012.

6. DIVIDEND

The board of directors does not recommend the payment of an interim dividend for the three months ended 31 March 2013 (2012: nil).



7. EARNINGS PER SHARE

The calculation of the basic earnings per share for the three months ended 31 March 2013 is based on the profit attributable to ordinary equity owners of the Company of RMB1,060,000 (For the three months ended 31 March 2012: profit of RMB1,107,000) and the weighted average number of shares in issue of 830,000,000 (2012: 830,000,000).

8. RESERVES

	Share capital	Share premium and capital reserves	Statutory surplus reserve	Other reserves	Retained profits	Total reserves
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
As at 1 January 2012	83,000	97,421	25,218	(844)	122,033	326,828
Total comprehensive income for the period	—	—	—	—	1,107	1,107
As at 31 March 2012	<u>83,000</u>	<u>97,421</u>	<u>25,218</u>	<u>(844)</u>	<u>123,140</u>	<u>327,935</u>
As at 1 January 2013	83,000	97,384	28,199	(844)	127,949	335,688
Total comprehensive income for the period	—	—	—	—	1,060	1,060
As at 31 March 2012	<u>83,000</u>	<u>97,384</u>	<u>28,199</u>	<u>(844)</u>	<u>129,009</u>	<u>336,748</u>



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

For the three months ended 31 March 2013 (the “Period under Review”), the Group achieved a turnover of approximately RMB92,272,000 (2012: RMB90,356,000), representing an increase of approximately 2% over the same period last year. During the period, profit attributable to the shareholders was RMB1,060,000 (2012: RMB1,107,000), representing a decrease of approximately 4% from the same period last year. Earnings per share were RMB0.13 cent.

During the year, global economic environment is uncertain, leading to relatively prudent demands for advertising from all industries. As a result, the Group’s turnover remained stable with a slight increase.

The revenue from outdoor advertising media dissemination business, terminal dissemination service and outdoor advertising media production business accounted for approximately 64.71% (2012: 62.38%), 21.81% (2012: 23.87%) and 13.48% (2012: 13.75%), respectively, of the Group’s total turnover. The Board does not recommend the payment of a quarterly dividend for the three months ended 31 March 2013 (2012: nil).

MEDIA DISSEMINATION BUSINESS

During the period under review, the Group’s outdoor advertising media dissemination business recorded a turnover of approximately RMB59,706,000, representing an increase of approximately 5.9% over the same period last year and accounting for 64.71% of the Group’s total turnover. Currently, the Group has outdoor media resources of approximately 200,000 square metres, including billboards in expressways, billboards on building roofs in urban areas, landscape boards along roads and large LED screens. Its business coverage has extended to 64 major cities across China. During the period, the average launching rate of the Group’s outdoor media remained at approximately 70%, with major customers from various industries such as fast-moving consumer goods, media, real estates, 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 a profit of approximately RMB18,243,000 and approximately RMB607,000 respectively. Currently, approximately 8,000 advertising boards targeting 9 million households of 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, Shenyang and Hefei, and contributed a total of 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, Sanyuan Foods, Wuzhen Travel (烏鎮旅遊), GOME and Anhui Satellite TV. It has also formed partnership with various leading domestic and international brands such as China Mobile, Carrefour, Wal-Mart, 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 and Shandong Hengan Paper (山東恆安紙業).

During the Period under Review, Dahe Group maintained partnership with famous enterprises such as Macau Tourism, Wuzhen Travel (烏鎮), Bank of Jiangsu, China Merchants Bank, Nanjing Securities, Bank of Nanjing, Wuliangye (五糧液) and Suning Electric (蘇寧), providing more dynamic methods for them to display their advertisements with two large outdoor advertising LED screens 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 a display area of nearly 1,000 square metres, these advertising screens show that Dahe has entered its era of digital advertising.

TERMINAL DISSEMINATION SERVICE AND MEDIA PRODUCTION BUSINESS

The Group continued to further its “Terminal Dissemination” business during the period, and recorded a turnover of approximately RMB20,122,000, representing a decrease of approximately 6.7% over the same period last year and accounting for approximately 21.81% of the Group’s total turnover. “Terminal Dissemination” continued to serve well-known brands such as Nike, JDB, COFCO, Yihai Kerry, Wal-Mart, CR Vanguard, Li Ning, KFC, LEE and Bridgestone. In particular, the contract value of projects with JDB, Wal-Mart, KFC, Nike, LEE and Bridgestone etc. amounted to nearly RMB12,000,000.

During the period, the turnover of the Group’s media production business was approximately RMB12,444,000, representing an increase of approximately 0.2% over the same period last year and accounting for approximately 13.48% of the Group’s total turnover.



THE WEBSITE OF “SINA JIANGSU”

The website of “Sina Jiangsu” jointly established by the Group and Sina provided localised news, leisure, entertainment and life-style information to users in Jiangsu with the best services and products of web2.0. 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 businesses are expected to lay a solid foundation for the Group’s future development.

BUSINESS DEVELOPMENT

During the period, the Group continued to put its effort in developing “Enkon Express Media”, and successfully expanded into the high-end market. The Group entered into cooperation agreements with a total contract value of almost RMB40 million with ICBC, Suning Electric, Xiwang Foodstuffs, Sanyuan Foods, Wuzhen Travel, GOME and Anhui Satellite TV. It also entered into partnership with various leading domestic and international brands such as China Mobile, Mazda, NVC Lighting, Carrefour, Wal-Mart, China Telecom, New City Real Estate, China Minsheng Bank and China Union Pay. The Group recorded considerable gains from the above cooperation and further consolidated its advantages and leading position in the market.

AWARDS AND HONOURS

Chairman

He Chaobing, Chairman of Dahe Group, was elected as member of Nanjing Thirteenth Committee of CPPCC and attended the first meeting of Nanjing thirteenth Committee of CPPCC convened between 5 and 10 January 2013.

At the same time, He Chaobing, Chairman of Dahe Group, was nominated for the first “Jiangsu Special Contribution Award for Professionals in Service Sector” organized by Jiangsu Provincial Government. Such award was designed to recognise leading talents and professionals who have made outstanding contributions for emerging industries in the key service sector and modern service sector of Jiangsu. The candidates for this award were elected through organization and recommendation, qualification assessment, expert selection, site examination and comprehensive review by municipalities and competent industry authorities.



OUTLOOK

In 2013, the global economy will show a trend of recovery from the financial crisis, and China is also expected to further introduce policies to increase domestic demand, while companies will also react positively by increasing advertising expenditures, which will further promote the prosperity and development of the advertising industry. The successful convening of the 18th national congress of CPC has also presented a definite direction for development of the cultural industries. 2013 is a crucial year for revival of China's cultural industries, and culture has gradually developed into a new growth point of national economy. According to the "Annual Report on Development of China's Cultural Industries 《中國文化產業年度發展報告》" by the Institute for Cultural Industries of Peking University, the total output value of the cultural industries in China in 2012 is expected to exceed RMB4 trillion, representing a further rising as a percentage of the GDP, and its effect on boosting the development of social economy is gradually increasing.

Under the dual forces of favourable national policy and stable growth of domestic demand, we are optimistic about the mid and long-term development of outdoor innovative media in China. The Group has negotiated with Beijing BeiAo Group Inc. Ltd (北京北奧集團) and a number of its subsidiaries, and systematically communicated and discussed on issues about cooperation in Nanjing Youth Olympic Games and Asian Youth Games as well as long-term strategic cooperation and win-win development for both parties. It is believed that this communication will promote partnership between the two parties and create growth opportunity for the Group's business.

The Group is committed to continuous improvement, innovation and development by making full use of supportive national policies and its own strengths to expand its outdoor media resources and enhance its strategic cooperation with other enterprises, striving to develop the Group into a full industry chain covering brand planning, media dissemination, project production, event public relations, Internet and new media, and hoping to pave the way for its future development.

FINANCIAL REVIEW

TURNOVER

Turnover of the Group for the period under review was approximately RMB 92,272,000, increased by approximately 2% when compared with the corresponding period last year.

GROSS PROFIT

During the period under review, gross profit margin was approximately 32.4%, increased by 3.2 percentage points when compared with 29.2% for the corresponding period last year.



DISTRIBUTION COSTS

During the period under review, distribution costs decreased by 1.8% when compared with the corresponding period last year.

ADMINISTRATION EXPENSES

During the period under review, administrative expenses increased by 16.7% when compared with the corresponding period last year, mainly attributable to the increase in development expenses.

FINANCIAL EXPENSES

During the period under review, finance costs were approximately RMB4,660,000, increased by 25.5% when compared with the corresponding period last year.

DIVIDENDS

The Directors do not recommend distribution of an interim dividend for the three months ended 31 March 2013 (2012: 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 31 March 2013, 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 31 March 2013, net current asset was approximately RMB103,425,000 (As at 31 December 2012: approximately RMB104,294,000).

As at 31 March 2013, bank balance and cash held by the Group amounted to approximately RMB175,560,000. Bank borrowings amounted to approximately RMB317,000,000. Net debt to equity ratio was approximately 40%, i.e. the percentage of bank loans less bank balance and cash in net assets amounting to RMB356,606,000 (As at 31 December 2012: net debt to equity ratio was approximately 29%).



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 31 March 2013, the Group has about 1,000 full-time staff. During the period under review, cost of staff was approximately RMB14,620,000 (corresponding period in 2012: approximately RMB14,900,000).

CONTINGENT LIABILITIES

As at 31 March 2013, the Group has no material contingent liabilities.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Group 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 31 March 2013.

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 31 March 2013, 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 letters “L” denote a long position in the share capital.
3. The interests in the domestic shares were held through Dahe Investment Holdings Group, Co., Ltd. (“Dahe Investment”) which was 99% and 1% owned by Mr. He 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 letters “L” denote a long position in the share capital.

Save as disclosed above, none of the Directors or chief executive of the Company is aware of any other Director or chief executive 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 31 March 2013.

Save and except for He Chaobing, who is the director of DIHG, none of the Director or proposed Director is a director or employee of a company which 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 31 March 2013, so far as is known to the Directors or chief executive of the Company, the following persons, other than a Director, chief executive or supervisor 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 <i>(Note 1)</i>	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	the Company	Beneficial owner	418,000,000 Domestic Shares (L)	72.07%	50.36%
Yan Fen	the 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.* (成都新天然廣告有限責任公司)	Sichuan Xintianjie Media Technology Development Co., Ltd.* (四川新天杰傳媒科技發展有限責任公司)	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 <i>(Note 1)</i>	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%

Notes:

1. The letters "L" denote a long position in the Shares.
2. Ms. Yan Fen is the wife of Mr. He 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 31 March 2013.



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

As at 31 March 2013, save for the persons/entities disclosed in sub-section 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 Asset Investment 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	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. (南京市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 31 March 2013 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, 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 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.

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 nonexecutive directors, Mr Sun Yingcai, Mr Ge Jianya and Mr Ye Jianmei. The audit committee has reviewed this First quarterly report in accordance with the GEM Listing Rules.

By Order of the Board
He Chaobing
Chairman

Nanjing, the PRC
8 May 2013

As at the date of this report, the Board comprises Mr. He Chaobing and Ms. Lu Yin, being the executive Directors, Mr. Ge Jianya, Mr. Sun Yingcai 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*