



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 Interim Report

*For identification Purposes only

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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 Stock Exchange of Hong Kong Limited 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 2013, the Group realised a turnover of approximately RMB193,576,000, representing an decrease of approximately 4.8% over the same period of 2012.
- Turnover of the Group was mainly from media dissemination, terminal dissemination service and media production businesses, representing approximately 63.34% (2012: 63.94%), 22.29% (2012: 22.12%) and 14.37% (2012: 13.94%) respectively of the gross turnover.
- For the six months ended 30 June 2013, profit attributable to the Group's equity holders was approximately RMB7,541,000, representing a increase of approximately 1.8% over the same period of 2012. For the three months ended 30 June 2013, profit attributable to equity holders of the Group was approximately RMB6,481,000, representing a increase of approximately 2.8% over the same period in 2012.
- Earnings per share were approximately RMB0.91 cent (2012: RMB0.89 cent).
- The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2013 (2012: nil).

CONDENSED CONSOLIDATED STATEMENT OF INCOME

The Board of Directors (the “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 2013, together with the comparative figures for the corresponding periods in 2012 as follows:

	Notes	For the six months ended 30 June		For the three months ended 30 June	
		2013 RMB'000 Unaudited	2012 RMB'000 Unaudited	2013 RMB'000 Unaudited	2012 RMB'000 Unaudited
Turnover	3	193,576	203,427	101,304	113,071
Cost of sales		(123,587)	(139,444)	(61,194)	(75,607)
Gross profit		69,989	63,983	40,110	37,464
Other income and net gain		1,230	(430)	1,298	(1,285)
Distribution costs		(19,360)	(19,423)	(9,027)	(8,901)
Administrative expenses		(29,560)	(23,912)	(16,826)	(13,001)
Finance costs		(9,640)	(8,033)	(4,978)	(4,318)
Profit before income tax	5	12,659	12,185	10,577	9,959
Income tax expenses	6	(2,324)	(2,011)	(1,883)	(1,404)
Profit and total comprehensive income for the period		<u>10,335</u>	<u>10,174</u>	<u>8,694</u>	<u>8,555</u>
Attributable to:					
Owners of the Company		7,541	7,409	6,481	6,302
Non-controlling interests		2,794	2,765	2,213	2,253
		<u>10,335</u>	<u>10,174</u>	<u>8,694</u>	<u>8,555</u>
Earnings per share					
– Basic and diluted (RMB)	8	<u>0.91 cent</u>	<u>0.89 cent</u>	<u>0.78 cent</u>	<u>0.76 cent</u>



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30 June 2013 RMB'000 Unaudited	As at 31 December 2012 RMB'000 Audited
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties		33,227	33,227
Property, plant and equipment		153,499	162,026
Construction in progress		899	–
Prepaid land lease payments		2,201	2,230
Goodwill		15,679	15,679
Other intangible assets		1,993	2,109
Interest in a jointly controlled entity		1,247	1,247
Deposit paid to a fellow subsidiary		31,977	31,977
Deferred tax assets		4,980	4,980
Available-for-sale financial assets		52	52
Total non-current assets		245,754	253,527
Current assets			
Inventories		4,529	8,282
Trade and note receivable	10	250,752	212,053
Other receivables, deposits and prepayments		77,928	64,338
Amount due from a former subsidiary		892	892
Amount due from holding company		28,241	5,763
Deposit paid to holding company		–	–
Amounts due from a jointly controlled entity		4	94
Amounts due from a fellow subsidiary		–	–
Amounts due from related companies		18,167	17,003
Bank balances and cash and pledged bank deposit		167,035	124,145
Total current assets		547,548	432,570
Total assets		793,302	686,097

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Note	As at 30 June 2013 RMB'000 Unaudited	As at 31 December 2012 RMB'000 Audited
Current liabilities			
Trade payables	11	56,292	57,061
Other payables, deposits received and accruals		14,050	12,955
Deferred advertising income		28,432	22,547
Amount due to holding company		—	—
Amount due to related parties		291	115
Amount due to a fellow subsidiary		1,969	1,208
Bank borrowings		321,950	220,000
Income tax payables		2,580	11,212
Other tax payables		1,856	5,452
Total current liabilities		<u>427,420</u>	<u>330,550</u>
Net current assets		<u>120,128</u>	<u>102,020</u>
Total assets less current liabilities		<u>365,882</u>	<u>355,547</u>
Non-current liabilities			
Deferred tax liabilities		582	582
Net assets		<u>365,300</u>	<u>354,965</u>
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital		83,000	83,000
Reserves		260,229	252,688
Equity attributable to owners of the Company		<u>343,229</u>	<u>335,688</u>
Non-controlling interests		<u>22,071</u>	<u>19,277</u>
Total equity		<u>365,300</u>	<u>354,965</u>



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium and capital reserves	Statutory surplus reserve	Other reserves	Retained profits	Equity attributable to owners of the Company	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
As at 1 January 2012	83,000	97,421	25,218	(844)	122,033	326,828	38,903	365,731
Profit for the period	—	—	—	—	7,409	7,409	2,765	10,174
As at 30 June 2012	<u>83,000</u>	<u>97,421</u>	<u>25,218</u>	<u>(844)</u>	<u>129,442</u>	<u>334,237</u>	<u>41,668</u>	<u>375,905</u>
Profit for the period	—	—	—	—	1,451	1,451	563	2,014
Disposal of a subsidiary	—	(37)	(77)	—	114	—	(562)	(562)
Transfer between reserves	—	—	3,058	—	(3,058)	—	—	—
Dividend paid to non-controlling shareholder of a subsidiary	—	—	—	—	—	—	(22,392)	(22,392)
As at 31 December 2012	83,000	97,384	28,199	(844)	127,949	335,688	19,277	354,965
Profit for the period	—	—	—	—	7,541	7,541	2,794	10,335
As at 30 June 2013	<u>83,000</u>	<u>97,384</u>	<u>28,199</u>	<u>(844)</u>	<u>135,490</u>	<u>343,229</u>	<u>22,071</u>	<u>365,300</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30 June 2013 RMB'000 Unaudited	For the six months ended 30 June 2012 RMB'000 Unaudited
Cash flows (used in)/generated from operating activities	(48,274)	(13,437)
Cash flows used in investing activities	(2,279)	1,534
Cash flows generated from/(used in) financing activities	<u>93,443</u>	<u>(63,964)</u>
Net increase/(decrease) in cash and cash equivalents	42,890	(75,867)
Cash and cash equivalents at the beginning of period	<u>124,145</u>	<u>207,335</u>
Cash and cash equivalents at the end of period	<u><u>167,035</u></u>	<u><u>131,468</u></u>
Bank balances and cash	<u><u>167,035</u></u>	<u><u>131,468</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 2012. 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 2012.

2. PRINCIPAL ACCOUNTING POLICIES

The consolidated condensed financial statements have 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	
	2013 RMB'000 Unaudited	2012 RMB'000 Unaudited	2013 RMB'000 Unaudited	2012 RMB'000 Unaudited
Income from media dissemination	122,608	130,073	62,902	73,711
Income from terminal dissemination	43,140	45,006	23,018	23,436
Income from media production	<u>27,828</u>	<u>28,348</u>	<u>15,384</u>	<u>15,924</u>
	<u>193,576</u>	<u>203,427</u>	<u>101,304</u>	<u>113,071</u>

4. SEGMENT INFORMATION

For the six months ended 30 June 2013 (unaudited)

	Media Dissemination RMB' 000	Media Production RMB' 000	Terminal Dissemination RMB' 000	Total RMB' 000
Revenue from external customers	<u>122,608</u>	<u>27,828</u>	<u>43,140</u>	<u>193,576</u>
Reportable segment results	50,802	3,883	15,304	69,989
Other income and net loss				1,230
Distribution costs				(19,360)
Administrative expenses				(29,560)
Finance costs				<u>(9,640)</u>
Profit before income tax				<u>12,659</u>



For the six months ended 30 June 2012 (unaudited)

	Media Dissemination RMB' 000	Media Production RMB' 000	Terminal Dissemination RMB' 000	Total RMB' 000
Revenue from external customers	<u>130,073</u>	<u>28,348</u>	<u>45,006</u>	<u>203,427</u>
Reportable segment results	50,657	(4,639)	17,965	63,983
Other income and net loss				(430)
Distribution costs				(19,423)
Administrative expenses				(23,912)
Finance costs				<u>(8,033)</u>
Profit before income tax				<u><u>12,185</u></u>

5. PROFIT BEFORE INCOME TAX

	For the six months ended 30 June		For the three months ended 30 June	
	2013 RMB' 000 Unaudited	2012 RMB' 000 Unaudited	2013 RMB' 000 Unaudited	2012 RMB' 000 Unaudited
Profit before income tax is arrived after charging the following:				
Depreciation	12,938	11,029	6,459	5,492
Amortisation of prepaid land lease payment	28	28	14	14
Amortisation of other intangible assets	<u>117</u>	<u>117</u>	<u>(17)</u>	<u>(19)</u>



6. 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 (31 December 2012: 25%). The subsidiaries of the Company are subject to standard EIT rate of 25% for the six months ended 30 June 2013 (31 December 2012: 25%).

	For the six months ended 30 June		For the three months ended 30 June	
	2013	2012	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
	Unaudited	Unaudited	Unaudited	Unaudited
Taxation charges				
PRC income tax	<u>2,324</u>	<u>2,011</u>	<u>1,883</u>	<u>1,404</u>

7. DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2013 (2012: nil).

8. EARNINGS PER SHARE

The calculation of the basic earnings per share for the six months ended 30 June 2013 is based on the profit attributable to ordinary equity owners of the Company of RMB7,541,000 (For the six months ended 30 June 2012: RMB7,409,000) and the weighted average number of shares in issue of 830,000,000 (2012:830,000,000).



9. RESERVES

	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 2012	83,000	97,252	21,087	99,317	217,656
Total comprehensive income for the period	—	—	—	5,042	5,042
As at 30 June 2012	<u>83,000</u>	<u>97,252</u>	<u>21,087</u>	<u>104,359</u>	<u>222,698</u>
As at 1 January 2013	83,000	97,252	22,623	122,575	242,450
Total comprehensive income for the period	—	—	—	6,282	6,282
As at 30 June 2013	<u>83,000</u>	<u>97,252</u>	<u>22,623</u>	<u>128,857</u>	<u>248,732</u>

10. TRADE AND NOTE RECEIVABLES

	As at 30 June 2013 RMB'000 Unaudited	As at 31 December 2012 RMB'000 Audited
0-90 days	78,968	80,247
91-180 days	27,930	32,041
181-365 days	73,973	36,251
Over 365 days	<u>69,881</u>	<u>63,514</u>
	<u>250,752</u>	<u>212,053</u>



11. TRADE PAYABLES

	As at 30 June 2013 RMB'000 Unaudited	As at 31 December 2012 RMB'000 Audited
0-90 days	18,225	21,441
91-180 days	8,557	7,134
181-365 days	16,551	15,175
Over 365 days	<u>12,959</u>	<u>13,311</u>
	<u>56,292</u>	<u>57,061</u>



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

For the six months ended 30 June 2013 (the “Period under Review”), the Group achieved a turnover of approximately RMB193,576,000 (2012: RMB203,427,000), representing a decrease of approximately 4.8% over the same period last year. During the period, profit attributable to the shareholders was RMB7,541,000 (2012: RMB7,409,000), representing an increase of approximately 1.8% from the same period last year. Earnings per share increased by 2.2% to RMB0.91 cent.

The decrease in turnover was primarily attributable to the fact the economy has yet to fully recover and enterprises were rather cautious about advertising expenses. However, the Group’s profitability remained stable, recording a slight increase in profit during the period.

The revenue from outdoor advertising media dissemination business, terminal dissemination service and outdoor advertising media production business accounted for approximately 63.34% (2012: 63.94%), 22.29% (2012: 22.12%) and 14.37% (2012: 13.94%), respectively, of the Group’s total turnover. The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2013 (2012: nil).

MEDIA DISSEMINATION BUSINESS

During the period under review, the Group’s outdoor advertising media dissemination business recorded a turnover of approximately RMB122,608,000, representing a decrease of approximately 5.7% over the same period last year and accounting for 63.34% 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 RMB46,340,000 and approximately RMB3,010,000 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, 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 Wuzhen Travel (烏鎮), Bank of Jiangsu, China Merchants Bank, Nanjing Securities, Bank of Nanjing, Wuliangye (五糧液), Suning Electric (蘇寧) and Yanghe Brewery (蘇酒集團), 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. The total contract value with customers including China Life, Nanjing Victoria Medical Beauty Hospital (維多利亞醫療美容診所), China UnionPay, the CPC Propaganda Office of Gaochun County (中共高淳縣委宣傳部) and Jiangsu Broadcasting Corporation amounted to approximately RMB7,867,100.



A new advertising LED screen of the Group was set up on Dinghuaimen Street in Hexi District during the Period under Review. The new screen was located at China Resources Sugu supermarket at the junction of Dinghuaimen Street and Jiangdong North Road, a main transportation hub holding a cluster of people and vehicles from Hexi District. The screen will combine with the Group's LED screens in Xinjiekou and Zhujiang Road and its 6 LED screens under construction in Jiangning District to form an interactive broadcast network to bring in more opportunities for the Group.

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 RMB43,140,000, representing a decrease of approximately 4.1% over the same period last year and accounting for approximately 22.29% 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, Bridgestone, Beiqi Fonton Daimler and Samsung. In particular, the total contract value of projects with JDB, CR Vanguard, Nike, LEE and Samsung amounted to nearly RMB25,000,000.

During the Period under Review, the turnover of the Group's media production business was approximately RMB27,828,000, representing a decrease of approximately 1.8% over the same period last year and accounting for approximately 14.37% 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 under Review, 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 RMB30,000,000 with ICBC, Suning Electric, 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 UnionPay. The Group recorded considerable revenue from the above cooperation and further consolidated its advantages and leading position in the market.

Recently Nanjing Dahe Colour Printing Co., Ltd. won the bid for “2013-2014 Designated Printing Services Project for Provincial and Municipal Government Authorities, Public Institutions and Organizations of Jiangsu Province and Nanjing City (Including Several Districts and Counties)”. It will provide publications printing services to government authorities, public institutions and organizations for a term of two years. This has laid a solid foundation for Dahe Colour Printing’s steady growth.



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.

In addition, He Chaobing, Chairman of Dahe Group, was awarded the first “Jiangsu Special Contribution Award for Professionals in Service Sector (江蘇省服務業專業人才特別貢獻獎)” by Jiangsu Provincial Government, to recognise his outstanding contributions for emerging industries in the key service sector and modern service sector of Jiangsu. During the period under review, He Chaobing was also awarded the “Top Ten Entrepreneurs (十大企業家)” and the “Jiangsu Special Contribution Award for Professionals in Service Sector (江蘇省服務業專業人才特別貢獻獎)”.

DAHE GROUP

April 2013

Seven magnitude of earthquakes hit Ya’an of Sichuan province. To express its condolences to Ya’an victims and support disaster area, Dahe Group published various kinds of public service advertisements to pray for Ya’an through LED advertising display, Enkon express communities media and etc. for a value of over RMB400,000 at the first opportunity after the quake.

May 2013

Dahe Media was awarded the “Famous Brand of Tertiary Industry in Jiangsu (江蘇服務業名牌)”, the top award for quality management in Jiangsu province, for the second time after being awarded first in 2009, and it is the only enterprise in Jiangsu to win the honor. Meanwhile, Dahe Media was also awarded the “Chinese Top 100 Outdoor Media Providers • Chinese Top 10 Expanded Medias (中國百強戶外媒體供貨商 • 中國十大拓展媒體)” and the “First Innovation Model Enterprises in Jiangsu (江蘇省首批服務業創新示範企業)”.

Moreover, Dahe Media was awarded the “Most Broadcasting Valued Media for 2013-2013 (2012-2013 年度最具傳播價值媒體)” at the 7th Chinese Advertising Trends Forum with a theme of “take initiative • dominate situation (先手 • 格局)”.



OUTLOOK

2013 will be a crucial year for revival of China's cultural industries, and particularly benefiting from the successful convening of the 18th national congress of CPC which put forward rapid development of the cultural industries, cultural creation and production has become more prosperous and people's spiritual and cultural life has become increasingly colorful, which would continue to boost media market.

We remain optimistic about the mid and long-term development of outdoor innovative media in China. Under the dual forces of favourable national policy and stable growth of domestic demand, together with outstanding market performance of Dahe Media and self-innovative technological advantages, the Group will maintain established partnership with various customers to continuously create growth opportunity for the Group's business.

The Group is committed to innovation and development by proactively identifying new places to launch advertisements and improving technologies to expand its service network and secure various potential customers, following a stage pose of a brand-new LED advertising display in Dinghuaimen Street of Hexi during the period under review. In addition, the Group has been always encouraging employees to learn in their spare time and obtain various professional qualifications and titles, which would enhance both their own quality and the Group's overall qualities so as to pave the way for the Group's future development.



FINANCIAL REVIEW

TURNOVER

For the six months ended 30 June 2013 (the “Period under Review”), the Group’s turnover was approximately RMB193,576,000, representing a decrease of approximately 4.8% as compared with the corresponding period last year.

GROSS PROFIT

During the Period under Review, gross profit was approximately 36%, representing an increase of approximately 4.5 percentage points over 31.5% of the corresponding period last year.

DISTRIBUTION COSTS

During the Period under Review, distribution costs decreased by 0.3% as compared with the corresponding period last year.

ADMINISTRATION EXPENSES

During the Period under Review, administration expenses increased by 23.6% as compared with the corresponding period last year, mainly reflecting the increase in research and development expenses..

FINANCIAL COSTS

During the Period under Review, financial costs were approximately RMB9,640,000, representing an increase of 20% as compared with the corresponding period last year.

DIVIDENDS

The Board did not recommend distribution of an interim dividend for the six months ended 30 June 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 30 June 2013, the Group has not set up any specific plans.

LIQUIDITY AND FINANCIAL RESOURCES

The Group has adopted a prudent financial management policy and maintained a strong financial position. As at 30 June 2013, net current assets were approximately RMB120,128,000 (As at 31 December 2012: approximately RMB102,202,000).

As at 30 June 2013, bank balance and cash held by the Group amounted to approximately RMB167,035,000. The Group has bank borrowings of approximately RMB321,950,000. Net debt to equity ratio was approximately 42%, i.e. the percentage of bank loans less bank balance and cash in net assets amounting to RMB365,300,000 (As at 31 December 2012: net debt to equity ratio was approximately 27%).

RISK OF FOREIGN EXCHANGE

As the Group's income and expenditure are denominated in RMB, 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 of subsidiaries and associated companies.

STAFF

As at 30 June 2013, the Group has a total of 950 full-time staff. During the Period under Review, cost of staff was approximately RMB26,610,000 (corresponding period in 2012: approximately RMB27,510,000).



CONTINGENT LIABILITIES

As at 30 June 2013, 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 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 30 June 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 ("Mr. He")	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 Company Limited ("DIHG") 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
Mr. He	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 June 2013.

Save and except Mr. He, 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 June 2013, 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%

Notes:

1. The letter "L" denotes 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 30 June 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 30 June 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 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 June 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 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 Corporate Governance Code 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, namely, 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 2013

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*