



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

Third Quarterly Report

*For Identification Purposes only

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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 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 2013, the Group achieved a turnover of approximately RMB285,673,000, representing an decrease of approximately 10% over the same period of 2012.
- Gross turnover for the nine months ended 30 September 2013 of the Group was mainly attributed from media dissemination, terminal dissemination service and media production businesses, representing approximately 60.94% (2012: 59.88%), 25.14% (2012: 23.12%) and 13.92% (2012: 17%) respectively of the gross turnover.
- For the nine months ended 30 September 2013, profit attributable to the equity holders of the Group was approximately RMB10,283,000 representing an increase of approximately 4.9% over the same period of 2012.
- Earnings per share were approximately RMB1.24 cent (2012: RMB1.18 cent).
- The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2013 (2012: 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 2013, together with the comparative figures for the corresponding periods in 2012 as follows:

	Notes	Unaudited		Unaudited	
		For the nine months ended 30 September		For the three months ended 30 September	
		2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Turnover	3	285,673	318,764	92,097	115,337
Cost of sales		(185,945)	(218,325)	(62,358)	(78,881)
Gross profit		99,728	100,439	29,739	36,456
Other revenue and net gain		1,988	334	758	764
Distribution costs		(29,157)	(29,205)	(9,797)	(9,782)
Administrative expenses		(40,335)	(41,434)	(10,775)	(17,522)
Finance costs		(14,618)	(13,014)	(4,978)	(4,981)
Profit before taxation	5	17,606	17,120	4,947	4,935
Income tax	6	(2,845)	(3,174)	(521)	(1,163)
Profit and total comprehensive income for the period		<u>14,761</u>	<u>13,946</u>	<u>4,426</u>	<u>3,772</u>
Profit and other comprehensive income attributable to:					
Owners of the Company		10,283	9,805	2,742	2,396
Non-controlling interests		<u>4,478</u>	<u>4,141</u>	<u>1,684</u>	<u>1,376</u>
		<u>14,761</u>	<u>13,946</u>	<u>4,426</u>	<u>3,772</u>
Earnings per share					
– Basic and diluted (RMB)	7	<u>1.24 cent</u>	<u>1.18 cent</u>	<u>0.33 cent</u>	<u>0.29 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 2013 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	
	2013	2012	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Income from the business of media dissemination	174,082	190,867	51,474	60,794
Income from the business of terminal dissemination service	71,821	73,691	28,681	28,685
Income from the business of media production business	<u>39,770</u>	<u>54,206</u>	<u>11,942</u>	<u>25,858</u>
	<u>285,673</u>	<u>318,764</u>	<u>92,097</u>	<u>115,337</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 2013 (unaudited)

	Media Dissemination RMB'000	Media Production RMB'000	Terminal Dissemination RMB'000	Total RMB'000
Revenue from external customers	<u>174,082</u>	<u>39,770</u>	<u>71,821</u>	<u>285,673</u>
Reportable Segment results	68,521	3,842	27,365	99,728
Other income and net loss				1,988
Distribution costs				(29,157)
Administrative expenses				(40,335)
Finance costs				<u>(14,618)</u>
Profit before income tax				<u>17,606</u>

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>



5. PROFIT BEFORE INCOME TAX

	Unaudited For the nine months ended 30 September		Unaudited For the three months ended 30 September	
	2013	2012	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Profit before income tax is arrived after charging the following:				
Depreciation	19,302	16,726	6,364	5,697
Amortisation of prepaid land lease payment	43	43	15	15
Amortisation of other intangible assets	169	407	52	290

6. INCOME TAX

	Unaudited For the nine months ended 30 September		Unaudited For the three months ended 30 September	
	2013	2012	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Provision for PRC income tax	2,845	3,174	521	1,163

7. EARNINGS PER SHARE

The calculation of the basic earnings per share for the nine months ended 30 September 2013 is based on the unaudited profit attributable to owners of the Company of approximately RMB10,283,000 (2012: RMB9,805,000) and the weighted average number of shares in issue of 830,000,000 (2012: 830,000,000) during the period.

The Company has no dilutive potential shares in issue during the period (2012: 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 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>

	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 2013	83,000	97,384	28,199	(844)	127,949	335,688
Profit and total comprehensive income for the period	—	—	—	—	10,283	10,283
As at 30 September 2013	<u>83,000</u>	<u>97,384</u>	<u>28,199</u>	<u>(844)</u>	<u>138,232</u>	<u>345,971</u>



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the nine months ended 30 September 2013 (the “Period under Review”), the Group achieved a turnover of approximately RMB285,673,000 (2012: RMB318,760,000), representing a decrease of approximately 10% over the same period last year. During the period, profit attributable to the shareholders was approximately RMB10,283,000 (2012: RMB9,805,000), representing an increase of approximately 4.9% over the same period last year. Earnings per share increased by approximately 5% to RMB1.24 cent.

The decrease of turnover was primary due to a not fully recovered economy at present, leading to relatively prudent expenditure for advertising from all industries. Nevertheless, the Group’s profit for the period remained relatively stable with a slight increase.

The Group’s revenue from outdoor advertising media dissemination business, terminal dissemination service and outdoor advertising media production business accounted for approximately 60.94% (2012: 59.88%), 25.14% (2012: 23.12%) and 13.92% (2012: 17%) of the turnover respectively. The Board does not recommend the payment of the interim dividend for the nine months ended 30 September 2013 (2012: nil).

MEDIA DISSEMINATION BUSINESSES

During the period under review, the Group’s outdoor advertising media dissemination business recorded a turnover of approximately RMB174,082,000, representing a decrease of approximately 8.8% over the same period last year and accounting for 60.94% 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 RMB69,210,000 and approximately RMB4,400,000 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) and Mountain Jiuhua Scenic Area (九華山風景區).

During the Period under Review, the 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 Xinjielou, 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 RMB11,000,000.



A new advertising LED screen of the Group was set up in Jiangning during the Period under Review. The new screen is in close proximity to the political, commercial and cultural circles of Jiangning District, one of the most important area in Nanjing housing the emerging middle class. The screen will together with the Group's LED screens on Golden Eagle in Xinjiekou and on Golden Eagle Tiandi in Zhujiang Road and in Dinghuaimen and its two LED screens under construction in Xinjiekou to form a six-screen 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 RMB71,821,000, representing a decrease of approximately 2.5% over the same period last year and accounting for approximately 25.14% of the Group's total turnover. "Terminal Dissemination" continued to serve well-known brands such as Nike, JDB, CR Vanguard, Anhui Satellite TV, LEE, Bridgestone and Beiqi Fonton Daimler. In particular, the contract value of projects with JDB, CR Vanguard, Nike and LEE etc. amounted to nearly RMB30,000,000.

During the period under review, the turnover of the Group's media production business was approximately RMB39,770,000, representing a decrease of approximately 26.6% over the same period last year and accounting for approximately 13.92% 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 RMB32 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, 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.

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. Meanwhile, Chairman He Chaobing was also awarded the grand prize of the 10th Anniversary Top Ten Celebrities “Top Ten Entrepreneurs (十年大典十大風雲人物「十大企業家」)” by China Outdoor Media Convention.



OUTLOOK

2013 is a crucial year for development of China's cultural and creative industries, and amidst the recovery of global economy, China's economy is growing steadily. The Group believes that the PRC media market still has great potential for development and is confident with the future growth of the dissemination service and outdoor advertising business in China. In particular, the 18th national congress of CPC attached great importance to the development of cultural industries as well as cultural creation and production, stuck to decisive implementation of policies relating to enlarging domestic demand and endeavored to promote the cultural and creative industries in general, which would further boost media market in China. On August 18, the Group officially stationed, and set up a new office building in the Nanjing National Advertisement Industrial Park (南京國家廣告產業園), one of the first pilot bases for national advertisement industrial parks approved by the State Administration for Industry and Commerce, which would better promote its business development in the future.

According to the National Bureau of Statistics of China, driven by favorable policies and the steady growth of domestic demand, the value-added output of China's cultural and related industries amounted to RMB1,807.1 billion in 2012, an increase of almost 16.5% from the previous year.

During the period under review, the Group had successfully set up advertising LED screens with a display area of nearly 1,000 square metres in the core business circle in Nanjing to expand its share of the outdoors advertising market. On 9 July 2013, the Group's new advertising LED screen was successfully launched in Jiangning area, Nanjing. The new screen is in close proximity to the political, commercial and cultural circles of Jiangning District, one of the most important area in Nanjing housing the emerging middle class. The new screen will together with the Group's LED screens on Golden Eagle in Xinjiekou and on Golden Eagle Tiandi in Zhujiang Road and in Dinghuaimen and its 2 LED screens under construction in Xinjiekou to form a six-screen interactive broadcast network.

Leveraging Dahe Media's innovative technology and extensive experience, the Group strives to actively capture every opportunity for business growth to expand its resources of outdoors advertising and broadcasting services while maintaining long-term and steady cooperation with its clients, in order to expand its business into more areas and lay a solid foundation for its long-term growth.



FINANCIAL REVIEW

TURNOVER

During the Period under Review, the Group's turnover was approximately RMB285,673,000, representing a decrease of approximately 10% as compared with the corresponding period of 2012.

GROSS PROFIT MARGIN

During the Period under Review, gross profit margin was approximately 34.9%, representing an increase of approximately 3.4% over 31.5% for the corresponding period of 2012.

DISTRIBUTION COSTS

During the Period under Review, distribution costs decreased by 0.2% as compared with the corresponding period of 2012.

ADMINISTRATION EXPENSES

During the Period under Review, administration expenses decreased by 2.6% as compared with the corresponding period of 2012.

FINANCIAL EXPENSES

During the Period under Review, financial expenses were approximately RMB14,618,000, representing an increase of 12.3% as compared with the corresponding period of 2012.

DIVIDENDS

The Directors do not recommend distribution of an interim dividend for the nine months ended 30 September 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 September 2013, 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 2013, net current asset was approximately RMB126,123,000 (As at 31 December 2012: approximately RMB102,020,000).

As at 30 September 2013, bank balance and cash held by the Group amounted to approximately RMB180,239,000. The Group's Bank borrowings amounted to approximately RMB316,168,000. Net debt to equity ratio was approximately 37%, i.e. the percentage of bank loans less bank balance and cash in net assets, amounting to RMB369,726,000 (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, 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 2013, the Group has about 836 full-time staff. During the Period under Review, cost of staff was approximately RMB38,720,000 (Corresponding period in 2012: approximately RMB40,590,000).



CONTINGENT LIABILITIES

As at 30 September 2013, 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 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 September 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 (Note 1)	Capacity	Number and class of securities (Note 2)	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 (Note 3)	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:

- All of the persons named above are Directors, except Ms. Wang Mingmei who is a Supervisor of the Company.
- The letter "L" denotes a long position in the shares.
- 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 2013.

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 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 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 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 September 2013, 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 2013 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 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, 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
12 November 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*