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 Annual Report

*For identification Purposes only

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This annual 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 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 annual 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 annual report misleading.

Contents

BOARD OF DIRECTORS

Executive directors
HE Chaobing
LU Yin

Non-executive directors
LI Huafei
HE Lianyi
HE Pengjun

Independent non-executive directors
YE Jianmei
SUN Yingcai
GE Jianya

AUDIT COMMITTEE
YE Jianmei
SUN Yingcai
GE Jianya

COMPANY SECRETARY
Wong Hudson

AUTHORISED REPRESENTATIVES
HE Chaobing
LU Yin

COMPLIANCE OFFICER
HE Chaobing

REGISTERED OFFICE
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AUDITOR
BDO Limited

HONG KONG LEGAL ADVISER
Gallant Y. T. Ho & Co.

PRINCIPAL BANKERS
China CITIC Bank
Yueyahu Branch

HONG KONG SHARE REGISTRAR
Computershare Hong Kong Investor Services Limited
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183 Queen's Road East
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STOCK CODE
8243

Dear Sirs,

On behalf of the Board of Directors (the "Board") of Dahe Media Co., Ltd. (the "Company"), I am pleased to present the annual report of the Company and its subsidiaries (the "Group") for the year ended 31 December 2013.

BUSINESS OVERVIEW AND REVIEW

The Group is mainly engaged in outdoor media dissemination, terminal dissemination services and art investment, including the design, planning, terminal production and dissemination of advertisements and advertising agency services. With its abundant outdoor media resources, the Group provided enterprises with one-stop integrated social marketing communication services with innovations through transforming traditional media services in the hope of bridging the interaction between human and media. In respect of the "Enkon Express Media 3.0" business of the Group, it carried out researches on the application of "internet of things" in traditional areas based on the internet model of cloud computing and played an important role in the expansion of the Group in the new media market, consolidating the Group's leading position in the creative media industry in the PRC.

For the year ended 31 December 2013, the Group's turnover amounted to approximately RMB428.95 million (2012: RMB454.80 million). The decrease in turnover was attributable to the slower growth of China's economy during the year. The Gross National Product (GDP) of the PRC increased by approximately 7.7% in 2013 according to the preliminary computation by the National Bureau of Statistics, which was slightly lower and the lowest in 14 years, resulting in relatively conservative placement demand in the advertising industry and a steady turnover level was maintained. During the year, profit attributable to shareholders decreased by 30% to RMB6.16 million (2012: RMB8.86 million). The basic earnings per share was approximately RMB0.7 cents (2012: RMB1.1 cents).

During the year, the Group's turnover derived from outdoor media dissemination, terminal dissemination and media production services amounted to RMB257.62 million (2012: RMB299.22 million), RMB107.79 million (2012: RMB83.05 million), RMB58.88 million (2012: RMB72.53 million) and RMB4.66 million (2012: Nil), representing 60%, 25%, 14% and 1% of the total turnover of the Group respectively.

Currently, the Group has outdoor media resources of approximately 200,000 square meters, including billboards on 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 continued to remain at approximately 70%, with major customers from various industries such as fast-moving consumer goods, media, real estate, finance and tourism.

During the period under review, the Group had newly set up four large advertising LED screens located at Dinghuaimen Avenue in Hexi District, the busiest traffic junction of major roads in Jiangning area, and at New Friendship Plaza (新友誼廣場) in the prime area of Xinjiekou. In particular, the two high definition LED screens located at New Friendship Plaza in the prime area of Xinjiekou would further form a six-screen joint interactive dissemination network with the LED screens located at Xinjiekou Golden Eagle, Golden Eagle Tiandi on Zhujiang Road, Dinghuaimen and Jiangning, bringing the city into a new era of interactive dissemination.

In recent years, the development of new media brought opportunities and challenges to the traditional advertising industry. Its unique interactive mode and support of technologies greatly reduced the restrictions of the traditional media. "Enkon Express Media", a community dissemination media newly developed by the Group, has perfectly integrated brand marketing and community sales. Its industry unique characteristics in technology, creativity and marketability appealed to advertising customers and consumers. Currently, the Group has approximately 8,000 "Enkon Express Media" billboards, covering 9 million households with medium to high income levels in approximately 5,500 communities in cities such as Beijing, Shanghai, Guangzhou, Shenzhen, Nanjing, Hangzhou, Chengdu and Shenyang, and providing outdoor media dissemination resources of approximately 35,000 square meters. Meanwhile, "Enkon Express Media" continued to focus on expansion into sectors including finance, tourism, telecommunications and fast-moving consumer goods. It has successfully secured continuous cooperations 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, and Inner Mongolia Mengniu Dairy, Shenzhen Media Group, Shandong Hengan Paper (山東恒安紙業) and Jiuhuashan Scenic Area. As the first brand name of the noble community media in China, this project brought a turnover of approximately RMB96.80 million and a profit of RMB10.08 million to the Group, representing an increase of 1% and 42% when compared with the same period of last year respectively.

"Terminal Dissemination" continued to serve well-known brands such as Nike, JDB, CR Vanguard, LEE, Bridgestone, Foton Motor Daimler, etc. In particular, the contract value of projects such as JDB, CR Vanguard, Nike, LEE and Foton Motor Daimler amounted to nearly RMB50 million.

Dahe Media Co., Ltd. officially commenced operation at the Nanjing National Advertising Industrial Park in August. Nanjing National Advertising Industrial Park was the first national park pilot base for the advertising industry approved by the State Administration for Industry and Commerce, gathering cultural and creative industries with unique features in urban design, industrial design, cartoon movies, media, environmental arts, advertising design, etc. The Group believes that the new office building will enhance the marketing communication business of Dahe and lay a solid foundation for future development.

During the year, Nanjing Dahe Colour Printing Co., Ltd. won the bid for the "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)", pursuant to which it would provide printing services for publications of government authorities, public institutions and organizations for a term of two years. Such recognition from government authorities reflected the strong capabilities of the Group in the printing business and would be favorable for the future results and development of the Group in the next two years.

In addition to media dissemination and production services, Dahe also took corporate social responsibilities as highly important tasks. In April this year, an earthquake of magnitude seven hit Ya'an in Sichuan province, people from all walks of life participated in rescue work with dedicated efforts. To express our condolences to Ya'an victims and provide support to the disaster area, Dahe Group published various kinds of public service advertisements to pray for Ya'an through LED advertising screens and Enkon express community media, etc. at the earliest opportunity after the quake.

Moreover, Dahe also assumed the cultural mission by participating in the area of arts. During the year, Mr. He Chaobing, Chairman of Dahe Media, established the Dahe Arts Gallery at the key opportunity of the 20th International Advertising Festival organized in Nanjing. In particular, the "Dahe Arts Gallery • 2013 Arts Exhibition of Calligraphy and Paintings from Ten Masters of Jinning" organized by Dahe Arts Gallery was disseminated on rolling basis on the so-called "Top Global Advertising Screen" located at the top of the Nasdaq Building at Times Square in New York, and received overwhelming responses both domestically and internationally. Other events subsequently organized by Dahe Arts Gallery, including art exhibitions of calligraphy and paintings, Mei Jianping's financial investment forum on "Strategies of Investments in Arts" and a multinational charity event entitled "Hello, the World" organized by Mr. He Chaobing, the Chairman of Dahe Media and one of the top ten cultural celebrities in Nanjing, jointly with five famous calligraphers and painters domestically and internationally, also achieved historical successes and received focused attention from the general public.

AWARDS AND HONOURS

Dahe has been adhering to the principles of "building an excellent team, creating fine media products, providing quality service" and offering quality advertising media package and diversified professional services to customers, and won general recognition and excellent comments in the market. During the year, the Group had received various honours and awards. After receiving the "Famous Brands of the Service Sector in Jiangsu (江蘇服務業名牌)" Award for the first time in 2009, the Group was granted this award again by the Jiangsu Province Brand Strategy Election Committee (江蘇省名牌戰略推選委員會) this year and became the only enterprise of the advertising sector to receive this special honor in Jiangsu Province with general recognition in service quality. As an outstanding outdoor media provider, the results performance of Dahe Group was also generally acknowledged. During the year, the Group received the honours of "Top 100 Outdoor Media Providers of China • Top 10 Development Media in China"(中國百強戶外媒體供應商•中國十大拓展媒體) granted by the 2013 (10th) China Outdoor Communication Conference (二零一三(第十屆)中國戶外傳播大會), won the honour of "The Most Valuable Dissemination Media of the Year 2012-2013"(2012-2013年度最具傳播價值媒體) at the 7th China Advertising Trends Forum (第七屆中國廣告趨勢論壇), and was highly recommended among peers, agency firms and advertising customers. In addition, the Group was also recognized as one of the "First Batch of Service Sector Innovative Exemplary Enterprises in Jiangsu Province"(江蘇省首批服務業創新示範企業) at the Conference of Accelerating the Development of Modern Service Industries and the "Ten Hundred Thousand" Action Plan Campaign convened by the People's Government of Jiangsu Province (江蘇省人民政府召開全省加快發展現代服務業暨「十百千」行動計劃推進大會) as the Group strengthened and deepened its image of excellence in the sector. Moreover, the Group was also granted the Special Contribution Award under the 2013 Greater China Effie Awards (2013中國艾菲獎之特殊貢獻獎) by the Greater China Effie Awards Promotion Committee. In addition, the Group was also granted the "High New Technological Enterprise Certificate" jointly by the Jiangsu Science and Technology Department, Jiangsu Finance Bureau, Jiangsu Provincial Office of the State Administration of Taxation and Jiangsu Local Taxation Bureau for recognition as a national high new technological enterprise.

OUTLOOK

2013 is a crucial year for the development of China's cultural and innovative industries. The 18th national congress of CPC convened during the year placed high importance on the development of the cultural industries and innovative productions, and emphasized on the decisive implementation of policies relevant to expansion of domestic demand would lead to strong support for reforms in the cultural system and development of cultural industries, improvement in the management system of State-owned cultural assets, with a view to establish a cultural development environment conducive to innovations and creativity. In addition, in order to implement the central government's strategic plan on cultural reform developments consistently and accelerate the progress of cultural industries to become pillar industries of the national economy, the Office of the Leading Group for Supervision and Administration of State-owned Assets of Central Cultural Enterprises (中央文化企業國有資產監督管理領導小組辦公室) also announced the establishment of a special fund of RMB4.8 billion at the end of the year, representing an increase of 41.18% when compared with last year, for further expansion of the media market in China.

Meanwhile, the State government also accelerated the planning and development of the "internet of things" and issued the Guidance Opinions of the State Council on the Orderly and Healthy Development in Promoting the "Internet of things" during the year, in which the recent development targets in 2015 were mentioned: "to realize pilot points for demonstration and application of "internet of things" in the areas of industries, agriculture, energy saving and environmental protection, commerce and trade circulations, transportation and energy sources, public security, social institutions, city administration, production safety and construction for national defense, etc., to make a breakthrough in core technologies and facilitate the preliminary formation of the "internet of things" system", through the formulation and launching of complementary supporting policies in the areas of taxation, finance and investment to facilitate a prosperous media market in China. According to the research study in the "Blue Book of 2013 Outdoor Mobile Digital Media Development Trend", it was pointed out that the relative share of the advertising industry in the economy was increasing, in particular, investments in digital media and outdoor media maintained a rapid growth rate continuously, and the Group is fully confident in the business growth prospect of dissemination services and outdoor advertising in China.

With innovative and proprietary technologies developed by Dahe Media and rich market experience, the Group will strive to capture every opportunity for business growth and endeavor to expand the resources for outdoor advertising and dissemination services, while maintaining enduring and stable cooperative relationships with various enterprises, in order to expand business into more diverse areas and establish a solid foundation for long-term development.

ACKNOWLEDGMENT

I would like to take this opportunity to thank all the employees and management for their contributions and efforts made to the Group, and express our gratitude to our customers for their continuous support to the Group's products and services and to our shareholders for their trust and support.

By order of the Board
He Chaobing
Chairman

Nanjing, the PRC

26 March 2014

Financial Highlights and Calendar

For the year ended 31 December 2013

(Expressed in Renminbi)

	2013 *RMB'000*	2012 *RMB'000*
Revenue		
Turnover	**428,954**	454,801
Profitability		
Profit from operations (Note)	**46,040**	47,434
Profit attributable to shareholders	**6,163**	8,860
Net Worth		
Equity attributable to shareholders	**341,851**	335,688
Per share		
Basic earnings per share (RMB)	**0.7 cents**	1.1 cents
Net assets attributable to owners of the Company per share (RMB)	**41.19 cents**	40.44 cents

FINANCIAL CALENDAR

Results for the year	Announcement on 26 March 2014
Annual report	Dispatched to shareholders in late March 2014

Note: Profit from operations is defined as profit before income tax and finance costs.

BUSINESS REVIEW

For the year ended 31 December 2013, the Group's turnover amounted to approximately RMB428.95 million (2012: RMB454.80 million), representing a decrease of approximately 5.7% as compared to the same period of last year. According to the published figures of the National Bureau of Statistics, the GDP of 2013 increased by 7.7% year-on-year, which was the lowest in 14 years, prompted prudent adjustments in marketing expenditures across all industries, resulted in relatively conservative investment demand in the advertising sector and the turnover was maintained at a steady level with slight decline. During the year, profit attributable to shareholders amounted to approximately RMB6.16 million (2012: RMB8.86 million), representing a decrease of approximately 30% as compared to the same period of last year. The basic earnings per share decreased by 36% to RMB0.7 cents (2012: RMB1.1 cents).

The revenue from outdoor advertising media dissemination business, terminal dissemination service, outdoor advertising media production business and art trading business accounted for approximately 60% (2012: 66%), 25% (2012: 18%), 14% (2012: 16%) and 1% (2012: nil), respectively, of the Group's total turnover. The Board did not recommend the payment of dividend for the year ended 31 December 2013 (2012: nil).

Media Dissemination Business

For the year ended 31 December 2013, the Group's turnover from media dissemination business was approximately RMB257.62 million, representing a decrease of approximately 14% as compared to the same period of last year and accounting for 60% of the Group's total turnover. Currently, the Group has outdoor media resources of approximately 200,000 square meters, including billboards on 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 estate, finance and tourism.

"Enkon Express Media", the community media initiated by the Group, continued to be well received and supported by customers. During the year, it contributed to the Group a turnover and profit of approximately RMB96.80 million and RMB10.08 million respectively. Currently, approximately 8,000 express media boards targeting 9 million households with medium and high income in nearly 5,500 communities have been set up. The scope of coverage has been extended to cities including Beijing, Shanghai, Guangzhou, Nanjing, Shenzhen, Chengdu, Hangzhou, Shenyang and Hefei, and contributed approximately 35,000 square meters 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 also maintained its partnerships 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, and Inner Mongolia Mengniu Dairy, Shenzhen Media Group, Shandong Hengan Paper (山東恒安紙業) and Jiuhuashan Scenic Area, etc.

In addition, during the year, new LED advertising screens of Dahe were launched in Jiangning, Dinghuaimen and Xinjiekou Hualian in Nanjing. These screens, together with other screens at locations including Xinjiekou Golden Eagle and Golden Eagle Tiandi on Zhujiang Road, formed a six-screen interactive dissemination network, bringing more business opportunities to the Group.

Terminal Dissemination Service and Media Production Business

The Group continued to further its "terminal dissemination service" business during the year, and recorded a total turnover of approximately RMB107.79 million, representing an increase of approximately 30% as compared to the same period of last year and accounting for approximately 25% of the Group's total turnover. "Terminal Dissemination" continued to serve well-known brands such as Nike, JDB, CR Vanguard, LEE, Bridgestone, Foton Motor Daimler, etc. In particular, the contract value of projects such as the JDB, CR Vanguard, Nike, LEE and Foton Motor Daimler amounted to nearly RMB50 million.

During the year, the turnover of the Group's media production business was approximately RMB58.88 million, representing a decrease of approximately 19% as compared to the same period of last year and accounting for approximately 14% of the Group's total turnover.

During the year, the turnover of the Group's art trading business was approximately RMB4.66 million, representing approximately 1% of the total turnover of the Group.

"Sina Jiangsu" website

The "Sina Jiangsu" website jointly established by the Group and Sina provided localized news, leisure and entertainment, as well as life-style information to users in Jiangsu with the best services and products of web 2.0. The establishment of Sina Jiangsu marked the Group's commencement of internet operation and enhanced the Group's capabilities in internet dissemination, such that the Group's marketing and dissemination industrial chain was optimized through the integration of its businesses such as brand planning, media release, production engineering, public relations for events, internet and new media businesses into a comprehensive industrial chain for Dahe marketing communications, which were expected to lay a solid foundation for the Group's future development.

Art operation – Dahe Arts Gallery

Dahe Arts Gallery was initiated by HE Chaobing, Chairman of Dahe Media, which was established for the 20th International Advertising Festival organized in Nanjing, in order to discover genuine artists, and brings artists with good potential or proven skills to the global market and world class art galleries through market consolidation of resources, and strives to become the global channel provider for trading of arts and the disseminators of greater China cultures. Since its establishment, Dahe Arts Gallery has developed into an integrated platform for global promotion, world channels, capital operations and commercialization for rapid expansion of the arts market effect.

Dahe Arts Gallery has launched a series of artists' promotional activities since its establishment. On 17 October, the news of the "Dahe Arts Gallery • 2013 Arts Exhibition of Calligraphy and Paintings from Ten Masters of Jinning"「大賀藝術空間 • 2013金陵十家書畫作品展」to be held in Nanjing, which was broadcasted on the screen at the top of the NASDAQ Building in Times Square in New York, known as "Top Global Advertising Screen", and the exhibition screen of "Galloping Horses"「群馬飛奔」had aroused strong reaction in the PRC and the world and media rushed to report on these. On 26 October, the China International Advertising Festival was held in Nanjing, the Group made use of this opportunity to increase publicity and promoted our Group's image. The Painting and Calligraphy Art Exhibition of Dahe Arts Gallery was successfully organized during the period, which invited dozens of artists to visit the exhibition, and were commended highly by the industry. On 10 December, Mei Jianping Finance and Investment Forum of Dahe Arts Gallery "Art Investment Strategy" was held in Nanjing, Mei Jianping, the founder of Mei Moses Art Index and the associate dean of Cheung Kong Graduate School of Business, held a seminar of "Strategies of Investments in Arts" at the opening ceremony. Various renowned domestic and international artists entered into the "Global Promotion Alliance" co-operation agreement with the Dahe Arts Gallery on-site at the seminar. These promotional activities were very successful, and the transaction volume of art-pieces from the artists contracted with the Dahe Arts Gallery had reached record high levels in several subsequent auctions.

Dahe Arts Gallery upholds the mission of bringing artists with good potential or proven skills to the global market and world class art galleries through market consolidation of resources. On 24 December, Dahe Group successfully launched "Hello, the World"「你好 • 世界」, a cross-border community activity, of which, a video was broadcasted on the advertising screen of NASDAQ Building in Times Square in New York, United States, which comprised "Human Ancestors Painting"《人文始祖圖》, a line drawing and long painting, with a theme of images of Fu Xi(伏羲)、Yellow Emperor(黃帝) and Yan Emperor(炎帝) and painted by Mr. He Chaobing, the Chairman of Dahe Media, and the Ten Cultural Celebrities in Nanjing, jointly with five famous PRC and international painters; and "Hello, the World" written in regular script(楷書), cursive script(草書), clerical script(隸書) and seal script(篆書), to express Chinese blessings for the New Year and the world in specific Chinese art style. This activity raised a world-wide fashionable trend of wishing a new year with Chinese words over the internet, and internet users from various countries participated actively. Such successfully organized activity attracted various reports from domestic and international mainstream media such as CCTV news channels, and the search volume through Baidu was over 100 million times.

Business Development

During the year, Dahe Media Co., Ltd. officially commenced operation at the Nanjing National Advertising Industrial Park. The Nanjing National Advertising Industrial Park had gathered together cultural and creative industries with unique features in urban design, industrial design, cartoon movies, media, environmental arts, advertising design, etc. By erecting a new office building at this pilot location of the first batch of Advertising Industrial Parks approved by the State Administration for Industry and Commerce, a solid foundation for the long-term development of the Group was established.

During the year, the Group had established an important milestone in the publication and printing industry. Nanjing Dahe Colour Printing Co., Ltd. won the bid for the "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)", pursuant to which it would provide printing services for publications of government authorities, public institutions and organizations for a term of two years. This winning bid reflected the strong capabilities of the Group in the printing business and would give sufficient confidence to investors.

Dahe Arts Gallery performs the mission of discovering genuine artists, and brings artists with good potential or proven skills to the global market and world class art galleries through market consolidation of resources, and strives to become the global channel provider for trading of arts and the disseminators of greater China cultures. Since its establishment, Dahe Arts Gallery has developed into an integrated platform for global promotion, world channels, capital operations and commercialization for rapid expansion of the arts market effect, several activity events during the year were also successfully organized and achieved ideal results.

AWARDS AND HONOURS

The Group

During the year, the Group received a number of honours and awards, including being awarded in 2012 the "Famous Brands of the Service Sector in Jiangsu (江蘇服務業名牌)" Award again by the Jiangsu Province Brand Strategy Election Committee (江蘇省名牌戰略推選委員會) after receiving this honour for the first time in 2009, and was also the only enterprise of the advertising sector to receive this special honour in Jiangsu Province. The "Famous Brands of the Service Sector in Jiangsu (江蘇服務業名牌)" Award is the highest level of awards in quality management in Jiangsu Province. The "Branded Enterprises of the Service Sector in Jiangsu (江蘇省服務業名牌企業)" recognized by this award played an exemplary role among peers in the industry and received general recognition and acceptance in the market and among all sectors in society.

During the period, the Group received the "High New Technological Enterprise Certificate" jointly awarded by the Jiangsu Science and Technology Department, Jiangsu Finance Bureau, Jiangsu Provincial Office of the State Administration of Taxation and Jiangsu Local Taxation Bureau for recognition as a national high new technological enterprise.

The 2013 (10th) China Outdoor Communication Conference (二零一三(第十屆)中國戶外傳播大會) was held in Chongqing, and the Conference authority announced the list of ranking for the "Top 100 Outdoor Media Providers of China"(中國百強戶外媒體供應商). Dahe Media received the honours of "Top 100 Outdoor Media Providers of China • Top 10 Development Media in China"(中國百強戶外媒體供應商•中國十大拓展媒體) for its excellent market performance and proprietary innovative technological advantages, and Mr. He Chaobing, our Chairman, was awarded the honour of "Top 10 Enterpreneurs" (十大企業家). The ranking list of the "Top 100 Outdoor Media Providers of China" was reviewed once every two years, which was highly recommended among peers, agency firms and advertising customers, and served as an important reference and guidance for selection of cooperative partners and placement of outdoor advertisements by advertising principals.

In May 2013, the Conference of Accelerating the Development of Modern Service Industries and the "Ten Hundred Thousand" Action Plan Campaign was convened by the People's Government of Jiangsu Province (江蘇省人民政府召開全省加快發展現代服務業暨「十百千」行動計劃推進大會). At the Conference, the Group was recognized as one of the "First Batch of Service Sector Innovative Exemplary Enterprises in Jiangsu Province"(江蘇省首批服務業創新示範企業) among 21 enterprises in Jiangsu. The first "Award for Special Contribution by Professionals in the Service Sector of Jiangsu Province" was launched and Mr. He Chaobing of Dahe Media was granted this special honour. Mr. Li Yunfeng, the Deputy Governor of Jiangsu Province, presented this award to Dahe Media and encouraged Dahe Media to accomplish greater achievements in the modern service sector in future.

In May 2013, the Seventh Forum of Advertising Trends in China with the theme "Pioneer • Landscape" was held in Nanjing. Mr. He Chaobing, the Chairman of Dahe Media, was invited to attend the forum as a guest at summit dialogue on stage and delivered a speech on the prevailing development of the advertising industry and recommended strategies on how to capture the available business opportunities. At the same time, the forum also announced the winning list of the "4th Tiger Roaring Award of Classical Communications in China" and Dahe Media received the honour of "2012-2013 Media of Highest Communication Value".

Moreover, Dahe Group also received the Special Contribution Award under the 2013 Greater China Effie Awards (2013中國艾菲獎之特殊貢獻獎), and recognized by the Greater China Effie Awards Promotion Committee.

The Wuzhen History and Culture Series in binding design produced by Dahe Media was unveiled in the "China Nanjing Jixiang Yunjin Cup Second Packaging Design Competition (中國南京吉祥雲錦杯第二屆包裝創意設計大賽)" and won the second prize in the professional group, the works were praised and recognized by Wuzhen leaders at all levels.

The Chairman

During the year, Mr. He Chaobing, Chairman of Dahe Media, won the "2009-2013 Nanjing Guangcai Program Contribution Award (2009-2013年度南京市光彩事業貢獻獎)", and was elected Vice-president of the Fourth Council of Promotion Committee for the Nanjing Guangcai Program (南京市光彩事業促進會第四屆理事會).

The People's Government of Jiangsu Province issued "The Decision on Granting the First "Special Contribution Awards for Professionals in the Tertiary Industry in Jiangsu Province" to Wu Zhixiang and other 10 Comrades (《省政府關於授予吳志祥等10名同志首屆"江蘇省服務業專業人才特別貢獻獎"的決定》)", pursuant to which Mr. He Chaobing, the Chairman of Dahe Media, was awarded the honour. The objective of the Awards was to recognize leading talents and professionals with outstanding contributions to key service industries and emerging sectors of modern service industries in Jiangsu province. A total of 10 benchmark figures in the service industry were elected through the recommendation and qualification review by competent authorities and organizations of all provinces, cities and industries together with other processes such as selection, on-site visits and comprehensive review by experts.

DIVIDEND

The Board did not suggest the distribution of dividend for the year end 31 December 2013.

FUTURE SIGNIFICANT INVESTMENT PLANS AND EXPECTED SOURCE OF FUNDS

The Group will continue to enhance the innovative capability and profitability of its existing business, particularly the extensive and in-depth promotion of Enkon Express Media, so as to increase its market share. As at 31 December, 2013, the Group did not consider or formulate any new significant investment plans.

TAXATION

Pursuant to the Enterprise Income Tax Law of the PRC which came into effect on 1 January 2008, domestic enterprises and foreign enterprises are required to pay enterprise income taxes at a unified rate of 25%. According to the relevant laws and regulations of the PRC, the Company is qualified as a high new technology enterprise. Therefore, the Company is eligible for a preferential enterprise income tax rate of 15% for the year ended 31 December 2013, while the subsidiaries of the Company are eligible for an enterprise income tax rate of 25%. Income tax expense for 2013 was approximately RMB11.27 million, and in 2012 it was approximately RMB15.87 million.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2013, trade and other payables decreased to approximately RMB69.11 million from approximately RMB70.02 million in 2012. Trade and note receivables increased to approximately RMB236.58 million from RMB212.05 million in 2012.

As at 31 December 2013, bank balance and cash and pledged bank deposits held by the Group amounted to approximately RMB198.56 million; bank borrowings of the Group amounted to approximately RMB312.94 million. Net Debt-Equity Ratio was approximately 31%, being the percentage of bank borrowings less bank balance and cash over net assets of approximately RMB368.46 million. The Group controlled our capital based on the Net Debt-Equtiy Ratio, and implemented solid financial policy to safeguard liquidity to satisfy our operating needs.

Profits attributable to shareholders of the Company were approximately RMB6.16 million, a decrease of 30% as compared with RMB8.86 million for the last year.

DISTRIBUTION COSTS AND ADMINISTRATIVE EXPENSES

During the year, distribution costs and administrative expenses were approximately RMB123.95 million, while in 2012, it was approximately RMB116.47 million.

FINANCE COSTS

During the year, finance costs were approximately RMB21.13 million, while in 2012 it was approximately RMB19.38 million.

MATERIAL LITIGATION

Chongqing Dahe Basu Media Co., Ltd. ("Dahe Basu"), a former subsidiary of the Group, entered into liquidation on 15 May 2007 and a liquidation committee was established. During the year, the liquidation was in process. Details of the liquidation were disclosed in the announcements of the Group dated 26 July 2007, 21 September 2007, 27 September 2007 and 15 February 2012. The Group had provided full impairment loss on the investment in Dahe Basu. Save as above, the Group or any of its subsidiaries was not involved in any material litigation or arbitration.

NON-CONTROLLING INTERESTS

As at 31 December 2013, non-controlling interests amounted to approximately RMB26.61 million, while in 2012 it was approximately RMB19.28 million.

FOREIGN EXCHANGE RISKS

As the Group's business operations are located in the PRC and all the Group's sales and purchases are denominated in RMB, there are no foreign exchange risks affecting the operation results of the Group.

ASSETS

For the year ended 31 December 2013, the net current assets of the Group were approximately RMB159.71 million, and net assets were approximately RMB368.46 million. In 2012, they were approximately RMB102.02 million and RMB354.97 million respectively.

EMPLOYEES

As at 31 December 2013, the Group has a total of approximately 700 full-time staff. The remuneration paid to employees is in line with market rate. During the year, the Group regularly provided training and development programs to the staff.

The Group had not experienced any major labor disputes or significant changes in the number of staff causing any impact to its normal business operations. The Directors considered that the relationship between the Group and its employees was good.

REMUNERATION POLICY

The Group provides competitive salary and benefits to our employees. Salary of the employees is reviewed regularly each year under our salary policy based on their performance.

EMPLOYEES' PENSION SCHEME

According to relevant requirements of the PRC, the Company contributes to various mandatory pension schemes for its employees.

CHARGE ON THE GROUP'S ASSETS

As at 31 December 2013, the Group's pledged bank deposits of approximately RMB50 million (31 December 2012: RMB10 million) were pledged as security for the Group's borrowings.

CONTINGENT LIABILITIES

As at 31 December 2013, the Group had no material contingent liabilities.

FINANCIAL GUARANTEE

At 31 December 2013, the Group has outstanding guarantee of RMB45 million (2012: RMB50 million) provided to the holding company for its bank borrowings.

The Directors present their annual report for 2013 together with the Group's audited consolidated financial statements for the year ended 31 December 2013.

PRINCIPAL ACTIVITY

The Group is principally engaged in the design, printing and production of outdoor advertising products and the dissemination of outdoor advertisement by leasing outdoor advertising spaces in the PRC.

SEGMENTAL INFORMATION

The turnover and operating profit of the Group are entirely derived from the PRC. The Group has three reportable segments. The segments are managed separately as each business offers different products and requires different business strategies. The Group's reportable segments are media dissemination, media production and terminal dissemination.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated statement of comprehensive income on page 45.

The Board did not recommend a final dividend for the year ended 31 December 2013.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the Group's largest customer and the five largest customers accounted for approximately 10% and 23% of the Group's turnover respectively. The Group's largest supplier and five largest suppliers accounted for approximately 3% and 10% of the Group's purchases respectively.

To the best knowledge of the directors, none of the directors, their associates or any shareholders who own more than 5% of the Group's issued share capital had any beneficial interest in the Group's five largest customers and suppliers.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year are set out in note 16 to the consolidated financial statements.

INTANGIBLE ASSETS

Details of the movements in other intangible assets of the Group during the year are set out in note 19 to the consolidated financial statements.

SUBSIDIARIES

Particulars of the subsidiaries of the Company are set out in note 20 to the consolidated financial statements.

BANK BORROWINGS

Particulars of bank borrowings of the Group are set out in note 27 to the consolidated financial statements.

SHARE CAPITAL

There was no movement in the authorised and issued share capital of the Company during the year. Details of the share capital are set out in note 28 to the consolidated financial statements.

RESERVES

Details of movements in reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity and note 29 to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2013, the reserves of the Group available for cash distribution or distribution in specie amounted to approximately RMB133.50 million.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Group did not purchase, sell or redeem any of its listed securities during the year.

DIRECTORS

The directors of the Company during the year and up to the date of this report were as follows:

Executive directors:
HE Chaobing
LU Yin

Non-executive directors:
LI Huafei
HE Lianyi
HE Pengjun

Independent non-executive directors
SUN Yingcai
GE Jianya
YE Jianmei

PARTICULARS OF DIRECTORS AND SENIOR MANAGEMENT

Details of biographies of the Company's Directors and the senior management of the Group are set out in page 32 to page 33 of this annual report.

EMOLUMENTS OF DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the Directors' and Supervisors' emoluments and those of the five highest paid individuals in the Group are set out in note 14 to the consolidated financial statements.

REMUNERATION POLICY OF THE GROUP

The amount of remuneration for the Directors or the employees is determined according to their relevant experience, responsibilities, work duties and years of service in the Group. The non-monetary benefits are determined by the Board and are provided in the remuneration package of the Directors or the employees.

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

Each of the executive directors and supervisors has entered into a service contract with the Company with effect from 1 January 2012 for a term of three years.

Each of the non-executive directors and independent non-executive directors will be paid a fixed amount of director's fee per annum.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in note 14 to the consolidated financial statements, no directors had a significant beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

None of the Directors or Supervisors of the Company or 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 December 2013.

SUBSTANTIAL SHAREHOLDERS AND OTHER PARTIES HOLDING INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

A. Directors, chief executives and Supervisors

As at 31 December 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:

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

(ii) the associated corporations

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

Notes:

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

Save as disclosed above, none of the Directors or chief executives of the Company is aware of any other Directors or chief executives of the Company who has any interests or short positions in any Shares and underlying shares in, and debentures of, the Company or any associated corporation as at 31 December 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 31 December 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 *(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 31 December 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 December 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 31 December 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.

CONTINUING CONNECTED TRANSACTIONS

During the year, the Group had undertaken certain continuing connected transactions and had been in compliance with the disclosure requirements of Chapter 20 of the GEM Listing Rules.

Except disclosed below, the Board has approved and the independent non-executive directors has reviewed the continuing connected transactions of the Company in 2013 and confirmed that such continuing connected transactions were entered into:

(a) in the ordinary and usual course of business of the Group;

(b) on normal commercial terms or, if there were not sufficient comparable transactions to judge whether they were on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties;

(c) in accordance with the terms of the relevant agreements governing them; and

(d) in accordance with the relevant written agreements on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's auditor was engaged to report on the Group's non-exempted continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews or Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his letter containing his findings and conclusions in respect of the non-exempted continuing connected transactions disclosed by the Group in the annual report in accordance with GEM Listing Rule 20.38. According to the results, the financial assistance provided by the Company to Nanjing Millennium Ankang (南京千禧安康) in 2013 (please refer to the Company's announcement dated 5 April 2012 for the details of the relevant transaction), of which the maximum balance together with interest expense was RMB91,313,205 was slightly exceed the 2013 annual cap (i.e. RMB84,000,000), and therefore resulted in a breach of the requirements of the GEM Listing Rules. The 2013 annual cap was exceeded mainly due to the mis-estimation of the amount of the financial interest by the relevant financial staff. The Company took actions immediately after the discovery of the above matter and reported to the Board at once. The Board (including the independent non-executive directors) considered the exceeded amount was insignificant and did not cause any financial loss to the Group. To avoid the re-occurrence of similar incidents, the Group has strengthened its internal control over all of its continuing connected transactions, which include providing specific training to the responsible officers. Nanjing Millennium Ankang (南京千禧安康) also prepared a corresponding repayment proposal. Except the above, all the continuing connected transactions did not exceed their respective annual cap amounts. A copy of the independent auditor's letter has been provided by the Company to The Stock Exchange of Hong Kong Limited.

AUDIT COMMITTEE

The Audit Committee has reviewed the annual results of the Group for the year ended 31 December 2013, and believes that the results is prepared according to relevant accounting standards, Rules Governing the Listing of Securities on the GEM and other statutory requirements with adequate disclosure.

A. Engineering Agreement with 南京大賀裝飾工程有限公司 (Nanjing Dahe Decoration Engineering Co., Ltd.) ("Nanjing Dahe Decoration")

Parties	:	(i) the Company (ii) Nanjing Dahe Decoration, a company which is owned as to 90% by Dahe Investment and 10% by Ms. Yan Fen, the spouse of Mr. He Chaobing.
Date	:	5 April 2012
Agreement	:	Pursuant to the Engineering Agreement, the Group has agreed to engage Nanjing Dahe Decoration to construct and install poles, frames or other outdoor advertisement fixtures for a term commencing from 1 July 2012 to 31 December 2014.
Pricing policy	:	The service fees payable by the Group shall be determined on a case by case basis and on such terms of agreements to be entered into between the Company and Nanjing Dahe Decoration, provided that the service fees charged by Nanjing Dahe Decoration is no more than the service fees the Company pays to other independent suppliers.
Payment term	:	The payment term for the fees to be paid by the Group to Nanjing Dahe Decoration in respect of the services provided by Nanjing Dahe Decoration will vary from case to case depending on the terms of the agreements to be entered into between the Group and Nanjing Dahe Decoration for each project. In general, however, the Group will pay 30% of the fees to Nanjing Dahe Decoration upon the signing of the agreement and the remaining sum will be paid to Nanjing Dahe Decoration immediately after the completion and acceptance of the services provided by Nanjing Dahe Decoration.
Annual cap and transaction amount in 2013	:	The annual cap for the year ended 31 December 2013 is RMB15,000,000 and the actual transaction amount under the Engineering Agreement in 2013 is RMB3,262,899.

B. Production Service Agreement with Dahe Investment and Mr. He Chaobing

Parties	:	(i) the Company (ii) Dahe Investment (iii) Mr. He Chaobing
Date	:	5 April 2012
Agreement	:	Pursuant to the new Production Service Agreement, Dahe Investment and Mr. He Chaobing have agreed to engage and procure their respective associate companies to engage the Group to provide advertising production services for a term commencing from 1 July 2012 to 31 December 2014.
Pricing policy	:	The design and production fees and the advertising fees shall be determined on a case by case basis and on such terms of agreements to be entered into between the Company and Dahe Investment or the relevant party (being the associate companies of Dahe International or Mr. He Chaobing) provided that the service fees charged by the Group to Dahe Investment is no less favourable to the Group than the service fees the Group would charge other independent customers.
Payment term	:	The payment term for the fees to be paid by Dahe Investment or the relevant party (being the associate companies of Dahe Investment or Mr. He Chaobing) to the Group in respect of the advertising production services provided by the Group will vary from case to case depending on the terms of the agreements to be entered into between the Company and Dahe Investment or the relevant party for each project. In general, however, Dahe Investment or the relevant party will pay 30% of the fees to the Company upon the signing of the agreement and the remaining sum will be paid to the Company immediately after the completion and its acceptance of the services provided by the Company.
Annual cap and transaction amount in 2013	:	The annual cap for the year ended 31 December 2013 is RMB15,000,000 and the actual transaction amount under the Production Service Agreement in 2013 is RMB7,075,162.

C. Graphic Production Agreement with 南京千禧安康國際傳媒廣告有限公司 (Nanjing Millennium Ankang International Media Co., Ltd.) ("Nanjing Millennium Ankang", formerly known as Beijing Millennium Ankang International Media Co., Ltd.)

Parties	:	(i) the Company (ii) Nanjing Millennium Ankang, a company owned as to 51% and 49% by the Company and Dahe Investment respectively
Date	:	5 April 2012
Agreement	:	Pursuant to the Graphic Production Agreement, subject to the Independent Shareholders' approval at the Extraordinary General Meeting, Nanjing Millennium Ankang and its subsidiaries have agreed to engage and procure their respective associate companies to engage the Group to provide graphic production service for a term commencing from 1 July 2012 to 31 December 2014.
Pricing policy	:	The graphic production fees shall be determined on a case by case basis and on such terms of agreements to be entered into between the Company and Nanjing Millennium Ankang or the relevant party (being the subsidiaries of Nanjing Millennium Ankang or their respective associate companies) provided that the service fees charged by the Group to Nanjing Millennium Ankang is no less favourable to the Group than the service fees the Group would charge other independent customers.
Payment term	:	The payment terms in respect of the service fees to be paid by Nanjing Millennium Ankang or the relevant party (being the subsidiaries of Nanjing Millennium Ankang or their respective associate companies) to the Group for the graphic production service provided by the Group will vary from case to case depending on the terms of the agreements to be entered into between the Company and Nanjing Millennium Ankang or the relevant party for each project. In general, however, Nanjing Millennium Ankang or the relevant party will pay the service fee to the Company immediately after the completion and its acceptance of the graphic production services provided by the Company.
Annual cap and transaction amount in 2013	:	The annual cap for the year ended 31 December 2013 is RMB2,000,000 and the actual transaction amount under the Graphic Production Agreement in 2013 is RMB1,127,754.

FINANCIAL ASSISTANCE

D. Financial assistance to Dahe Investment or its subsidiaries - Master Guarantee Agreement

The Company and Dahe Investment have entered into a Master Guarantee Agreement on 5 April 2012. Pursuant to the New Master Guarantee Agreement, the Company has agreed, on a non-commitment basis and subject to conditions of the Master Guarantee Agreement, to provide guarantee to any third party in respect of loan granted to Dahe Investment and its subsidiaries for a revolving amount not exceeding RMB80,000,000 for each of the three financial years ending 31 December 2014. In other words, the maximum liability of the Group throughout each of the financial years ending 31 December 2012, 2013 and 2014 under the Master Guarantee Agreement will not be more than RMB80,000,000. In case Dahe Investment and/or its subsidiaries fail to repay any loan, which will be guaranteed by the Company, the Company will repay such loan out of its internal resources.

Further, under the terms of the Master Guarantee Agreement, if the Company decides to provide guarantee for Dahe Investment or its subsidiaries, the respective guarantee shall be subject to, inter alia, the following conditions:

(i) Dahe Investment shall provide counter-indemnity, which shall be to the satisfaction of the Company, to the Company; and

(ii) the directors of Dahe Investment shall provide personal guarantee, which shall be to the satisfaction of the Company, to the Company.

Pursuant to the Master Guarantee Agreement, even though the said conditions have been complied with, the Company still has the absolute discretion to determine not to provide guarantee to Dahe Investment or its subsidiaries. The Company does not have any obligation to compensate and/or indemnify any person, including Dahe Investment or its subsidiaries. In return, if the Company decides to provide guarantee for Dahe Investment or its subsidiaries, the Company will receive 4% of the guaranteed amount as the fee for the issue of guarantee.

The maximum daily balance (together with interest/fee), i.e. the annual caps, for the transactions under the Master Guarantee Agreement are RMB83,200,000 for the three financial years ending 31 December 2014. The difference between the annual cap and the maximum amount guaranteed by the Group for the respective financial year represents the return, including the fee and interest (if any), received by the Group for the issue of guarantee. Throughout the year 2013, the transactions under the Master Guarantee Agreement have not exceeded the annual cap and the maximum balance together with interests/fee amounted to RMB51,900,000.

E. Financial assistance to 南京安康科技有限公司 (Nanjing Ankang Technology Co., Ltd.) ("Nanjing Ankang") – Guarantee Agreement

On 5 April 2012, the Company and Nanjing Ankang (a company wholly-owned by Nanjing Millennium Ankang) have entered into a Guarantee Agreement with Nanjing Ankang, pursuant to which the Company agrees, on a non-commitment basis and subject to conditions of Guarantee Agreement, to provide guarantee to any third party in respect of loan granted to Nanjing Ankang for a revolving amount not exceeding RMB15,000,000 for each of the three financial years ending 31 December 2014. In other words, the maximum liability of the Group throughout each of the financial years ending 31 December 2012, 2013 and 2014 under the Guarantee Agreement will not be more than RMB15,000,000. In case Nanjing Ankang fails to repay any loans which will be guaranteed by the Company, the Company will repay such loans out of its internal resources.

Under the terms of the Guarantee Agreement, if the Company decides to provide guarantee for Nanjing Ankang, the respective guarantee shall be subject to, inter alia, the following conditions:

(i) Nanjing Ankang and/or Dahe Investment, holder of the remaining 49% interest in Nanjing Millennium Ankang, shall provide counter-indemnity and/or indemnity, which shall be to the satisfaction of the Company, to the Company; and

(ii) the directors of Nanjing Ankang and/or Dahe Investment shall provide personal guarantee, which shall be to the satisfaction of the Company, to the Company.

Even though the said conditions have been complied with, the Company still has the absolute discretion to determine not to provide guarantee to Nanjing Ankang. The Company does not have any obligation to compensate and/or indemnify any person including Nanjing Ankang. If the Company decides to provide guarantee for Nanjing Ankang, the Company will receive 4% of the guaranteed amount as the fee for the issue of guarantee.

The maximum daily balances (together with interest/fee), i.e. the annual caps, for the transactions under the Guarantee Agreement are RMB17,000,000 for the three financial years ending 31 December 2014. The difference between the annual cap and the maximum amount guaranteed by the Group for the respective financial year represents the return, including the fee and interest (if any), received by the Group for the issue of guarantee. Throughout the year 2013, the transactions under the Guarantee Agreement have not exceeded the annual cap and the maximum balance together with interests/fee amounted to RMB10,300,000.

F. Financial assistance to Nanjing Millennium Ankang – Financial Assistance Agreement

Furthermore, on 5 April 2012, the Company has entered into a Financial Assistance Agreement with Nanjing Millennium Ankang, pursuant to which the Company has agreed, on a non-commitment basis and subject to conditions of Financial Assistance Agreement, to provide financial assistance to Nanjing Millennium Ankang for an amount not exceeding RMB75,000,000 for each of the three financial years ending 31 December 2014. In other words, the maximum liability of the Group throughout each of the financial years ending 31 December 2012, 2013 and 2014 under the Financial Assistance Agreement will not be more than RMB75,000,000. The Company will satisfy its financial obligations under the Financial Assistance Agreement out of its internal resources.

Under the terms of the Financial Assistance Agreement, if the Company decides to provide any financial assistance to Nanjing Millennium Ankang, the respective financial assistance shall be subject to, inter alia, the following conditions:

(i) Nanjing Millennium Ankang and/or Dahe Investment, holder of the remaining 49% interest in Nanjing Millennium Ankang, shall provide counter-indemnity and/or indemnity, which shall be to the satisfaction of the Company, to the Company; and

(ii) the directors of Nanjing Millennium Ankang and/or Dahe Investment shall provide personal guarantee, which shall be to the satisfaction of the Company, to the Company.

Pursuant to the Financial Assistance Agreement, even though the said conditions have been complied with, the Company still has the absolute discretion to determine not to provide financial assistance to Nanjing Millennium Ankang. The Company does not have any obligation to compensate and/or indemnify any person including Nanjing Millennium Ankang. If the Company decides to provide any financial assistance to Nanjing Millennium Ankang, the Company will receive interest calculated with reference to the lending rate quoted by the People's Bank of China for providing such financial assistance.

The maximum daily balances (together with interest/fee), i.e. the annual caps, for the transactions under the Financial Assistance Agreement are RMB84,000,000 for the three financial years ending 31 December 2014. The difference between the annual cap and the maximum amount of the financial assistance offered by the Group for the respective financial year represents the return, including the interest, received by the Group for the offer of the financial assistance. In 2013, due to the mis-estimation of the amount of financial interest by the relevant financial staff, the transactions under the Financial Assistance Agreement have slightly exceeded the annual cap and the maximum balance together with interests/fee amounted to RMB91,313,205.

CORPORATE GOVERNANCE

A report on the principal corporate governance practices adopted by the Company is set out on pages 34 to 42 of the annual report.

AUDITOR

The consolidated financial statements have been audited by BDO Limited in Hong Kong, whose term will expire and who will be eligible for re-appointment.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best of the Directors' knowledge, as at the date of this annual report, there was a sufficient prescribed public float of the issued shares of the Company under the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited.

By Order of the Board

He Chaobing
Chairman

Nanjing, the PRC
26 March 2014

TO ALL SHAREHOLDERS,

In compliance with the relevant provisions and requirements of the Company Law and the Articles of Association, the Supervisory Committee of Dahe Media Co., Ltd. (the "Supervisory Committee") discharged its relevant duties in 2013. The Supervisors attended all Board meetings, reviewed the relevant financial statements of the Company, and gave opinions and proposals on the problems reflected in the Company's operation management.

The Supervisory Committee made supervisions on the discharge of corporate duties by the Directors and senior management in compliance with the laws and regulations of the State and the Company's Articles of Association. The Supervisory Committee considers that none of the Directors and managers have been discovered to be in violation of the laws, regulations of the State and the Company's Articles of Association in 2013.

The Supervisory Committee considers that resolutions of the Board meetings held in 2013 have better protected the interests of the Company, and the audit report issued by BDO Limited in Hong Kong truly, objectively and accurately reflected the Group's and the Company's financial situations.

The Supervisory Committee is satisfied with the various tasks accomplished and progress of the Company in 2013, and is confident about the prospects of the Company's future developments.

By Order of the Supervisory Committee

Wang Mingmei
Chairman

Nanjing, the PRC,
26 March 2014

DIRECTORS

Executive Directors

He Chaobing (賀超兵), male, aged 54, senior economist. He graduated from the School of Business of Nanjing University, with a degree of EMBA, and was the founder of the Dahe Group. He is currently an executive Director and Chairman of the Group, the leader of Outdoor Advertising Committee of China Advertising Association (中國廣告協會戶外廣告委員會主任), member of the China Advertising Professional Technical Qualification Appraisal Committee (中國廣告協會學術委員會), member of the Academic Committee of China Advertising Association (中國廣告專業技術資格評定委員會), deputy head of Jiangsu Advertising Association (江蘇省廣告協會), member of the Nanjing Municipality People's Political Consultative Conference (中國人民政治協商會議), deputy head of Nanjing Industrial and Commercial Union (Trade Union) (南京市工商聯合會) (商會).

Lu Yin (魯音), female, aged 40, currently the Vice-Chairman of the Company. She graduated from Nanjing University of Science and Technology with a bachelor's degree in electronic engineering in 1997. Ms. Lu had worked in well-known real estate companies and Taiwan enterprises for 8 years and has extensive experience in management. She joined the Company in 2004 and was an assistant to the Chairman, a General Office Director and Head of the Public Affairs Department.

Non-executive Directors

Li Huafei (**李華飛**), male, aged 50, graduated from the Scientific Research Institute of the Ministry of Finance in 1991. He is currently a non-executive Director of Dahe Group, general manager of Nanjing Hi-Tech Venture Capital (南京市高新技術風險投資股份有限公司). Previously, he has been the deputy general manager of Nanjing Hi-Tech Venture Capital, and the general manager of Nanjing State-owned Assets Operation (Holding) Company (南京市國有資產經營(控股)公司).

He Lianyi (**賀連意**), male, aged 62, an experienced manager in the production of outdoor advertisements. He is currently a non-executive Director of Dahe Group, and the general manager of Nanjing Dahe Advertising Engineering Industrial Co., Ltd. Mr. He has been a non-executive director of the Group since December 2000.

He Pengjun (**賀鵬君**), male, aged 29, graduated from Business Faculty of the University of Hertfordshire and is currently pursuing his master's degree in marketing. He has been working for A.O. Smith as Management Trainee since 2008 and resigned in 2009. He has been a non-executive director of the Group since 20 May 2009.

Independent non-executive Directors

Sun Yingcai (孫英才), male, aged 67. He is currently an independent non-executive director of Dahe Group, and has been the deputy supervisor of China Advertising Supervision Management Company, deputy secretary general of China Advertising Association, deputy head of Fair Transaction Bureau of China State Administration for Industry and Commerce.

Ge Jianya (葛建亞), male, aged 60. He is currently an independent non-executive director of Dahe Group and a researcher of Nanjing Lugou International Company Limited. He has been the deputy general manager of Jiangsu Airlines Industry Group Advertising Company, chairman of Nanjing Lugou International Advertising Company Limited, executive member of Jiangsu Advertising Association, council member of Jiangsu Marketing Association, executive member of China Civil Airlines Advertising Committee, deputy supervisor of Jiangsu Lugou International Market Development Committee.

Ye Jianmei (葉建梅), female, aged 51, senior economist, certified internal auditor awarded by the China Institute of Internal Auditors and a non-practising member of the Registered Accountant Association of Jiangsu Province (江蘇省註冊會計師協會). She is currently an independent non-executive director of Dahe Group and the financial officer of Nanjing Dayang Department Store, and is also a council member of Nanjing Senior Accountant Association, Conduct Supervisor of Nanjing State Tax Inspection Branch, and has been the head of the financial department of Nanjing Xinjiekou Mall Company Limited, the financial officer of Dongfang Shopping Mall Company Limited.

SUPERVISORS

Wang Mingmei (王明梅), female, aged 65, is a representative of the Supervisory Committe nominated by the Shareholders. Ms. Wang joined Dahe Group in 1994 and held various positions including the deputy managing director of Dahe Group. Ms. Wang is currently the director of the audit division of Dahe Group.

Liu Jianbo (劉建波), male, aged 42, is a representative of the Supervisory Committee nominated by the Shareholders. Mr. Liu obtained a bachelor's degree in engineering from Nanjing University of Aeronautics and Astronautics in 1990 and a master degree in business administration form Nanjing Linye University in 2000. He is currently a deputy manager of the investment banking division in Nanjing Hi-tech Venture Capital Co., Ltd (南京市高新技術風險投資股份有限公司).

Xue Guiyu (薛貴餘), male, aged 54, is a representative nominated by the employees of the Group on the Supervisory Committee. Mr. Xue has worked in a manufacturing company in Nanjing for over 10 years. Mr. Xue joined the Company in 2000.

SENIOR MANAGEMENT

Huang Hongxing (黃洪興), male, aged 37. He is currently the vice president of the Group. He graduated from the EMBA program at Fudan University with a master's degree. Since he joined Dahe in 1999, he has been the general manager of the Hangzhou branch and the Shanghai branch of Dahe Group, and the general manager of Dahe Yasi Advertising and the vice president for the original dissemination production group. He has extensive experience in customer base development and execution management.

(A) CORPORATE GOVERNANCE

The Board considers that the Company has complied with the Corporate Governance Code contained in Appendix 15 of the GEM Listing Rules save and except that as Wang Weijie, the former Chief Executive Officer, resigned on 10 December 2007, the post of Chief Executive Officer of the Company is temporarily held by the Chairman, Mr. He Chaobing. Once there are suitable candidates, the Company will consider the posts of Chairman of the Board and Chief Executive Officer be held by two separate individuals so as to comply with the requirements of the Corporate Governance.

(B) MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" as set out in Appendix 10 of the Listing Rules of the Hong Kong Stock Exchange as the code for its directors and supervisors. The Company has confirmed, after making specific enquiries to all its directors and supervisors, all directors and supervisors of the Company has complied with the relevant standards stipulated in the aforesaid code.

(C) BOARD OF DIRECTORS

(i) Composition of the Board

Executive directors:
HE Chaobing
LU Yin

Non-executive directors:
LI Huafei
HE Lianyi
HE Pengjun

Independent non-executive directors:
SUN Yingcai
GE Jianya
YE Jianmei

(ii) Operation of the Board

The post of Chairman is held by Mr. HE Chaobing. The Board is responsible for supervising the management of operations and affairs, approving strategic plans and reviewing financial performance.

The post of Chief Executive Officer of the Company is temporarily held by the Chairman, Mr. HE Chaobing. Once there are suitable candidates, the Company will consider the posts of Chairman of the Board and Chief Executive Officer be held by two separate individuals so as to comply with the requirements of the corporate governance.

In respect of corporate governance functions, the Board of Directors has performed the following corporate governance duties during the year under review:

(a) review issuer's corporate governance policy and practice and make recommendations to the Board of Directors;

(b) review and monitor the training and continuous professional development of the Directors and senior management staff;

(c) review and monitor the issuer's policy and practice in complying with laws and regulatory requirements;

(d) review and monitor the code of practice and compliance manual (if any) for employees and Directors; and

(e) review the issuer's compliance with the Code and the disclosure in the Corporate Governance Report.

In addition, the Board of Directors has confirmed that it is accountable for the internal control system and is responsible to review the effectiveness of the system. During the year, the Board has identified, assessed and managed the material risk procedures through the Audit Committee, and carried out scheduled and non-scheduled audits and examinations on all aspects and all departments of the Group to strengthen internal control and ensure sound corporate development. The Board has reviewed the effectiveness of the Group's internal control system and completed the review on the Group's internal control system during the year. Based on the review of the Group's internal control system conducted by independent audit firms, the Group will further improve the internal management and control system of the Company.

(iii) Relationship of members of the Board

To the knowledge of the Company, other than HE Lianyi and HE Chaobing who are brothers to each other, and HE Chaobing and HE Pengjun who are father and son, there is no financial, business and family relationship among all members of the Board and Chairman and General Manager. They are free to make independent judgement.

(iv) The number of Board meetings held in the financial year

Apart from other Board meetings which are held in respect of significant and important affairs and for legal purpose, the Board holds one regular meeting approximately every three months and at least four meetings each year. The members of the Board will secure appropriate and sufficient information in a timely manner so that they can have knowledge of the Group's latest development, which will facilitate them in performing their duties.

(v) Independent non-executive directors

The Company has appointed three independent non-executive directors (exceeding the requirements of Rule 5.05 and Rule 5.05A of the Listing Rules).

The Company has received independent confirmations issued by all independent non-executive directors pursuant to Rule 5.09 of the Listing Rules. The Company considers that all independent non-executive directors are independent parties.

Non-executive directors and independent non-executive directors are appointed as directors for a term of three years starting from 1 January 2012.

(vi) Attendance of directors at Board meetings

The following table sets out the attendance of all directors at Board meetings during the year:

	Attendance at meetings/number of meetings held for the year ended 31 December 2013
Executive Directors:	
HE Chaobing	6/6
LU Yin	6/6
Non-executive directors:	
LI Huafei	6/6
HE Lianyi	6/6
HE Pengjun	6/6
Independent non-executive directors:	
SUN Yingcai	6/6
GE Jianya	6/6
YE Jianmei	6/6
Number of meetings held during the year	6

(vii) Attendance of directors at general meetings

The following table sets out the attendance of all directors at general meeting during the year:

	Attendance at meeting/number of meeting held for the year ended 31 December 2013
Executive Directors:	
HE Chaobing	1/1
LU Yin	1/1
Non-executive directors:	
LI Huafei	1/1
HE Lianyi	1/1
HE Pengjun	1/1
Independent non-executive directors:	
SUN Yingcai	1/1
GE Jianya	1/1
YE Jianmei	1/1
Number of meetings held during the year	1

(viii) Training for directors

According to the provisions of corporate governance, all directors should participate in continuous professional development, develop and update his knowledge and skills. The Directors have been provided with relevant guidance materials to ensure their understanding of the latest commercial, legal and regulatory changes relating to the business of the Company, and update their knowledge and skills in respect of the roles, duties and responsibilities of directors of listed companies.

During the period from 1 January 2013 to 31 December 2013, all Directors of the Company have sent their training records to the Company. All Directors, namely Mr. HE Chaobing and Ms. LU Yin, Mr. SUN Yingcai, Mr. GE Jianya and Ms. YE Jianmei, and Mr. LI Huafei, Mr. HE Lianyi and Mr. HE Pengjun, have all participated in continuous professional development, mainly through reading certain materials relating to directors' duties.

(D) BOARD COMMITTEES

The Board has established various board committees, including the Audit Committee, the Remuneration Committee and the Nomination Committee, to supervise the Company's affairs within specific areas and assist the Board in performing its duties.

(i) Audit Committee

Members

The Company has worked out the terms of reference of the Audit Committee pursuant to the requirements of the Stock Exchange. The Audit Committee comprises all three independent non-executive directors. On 31 December 2013, the members of the Audit Committee were: Sun Yingcai, Ge Jianya and Ye Jianmei. Ye Jianmei is the chairman of the Audit Committee.

As at 31 December 2013, the following table sets out the attendance of the members of the Audit Committee at meetings of the Audit Committee during the year:-

	Attendance at meetings/number of meetings held for the year ended 31 December 2012
YE Jianmei *(Chairman)*	4/4
GE Jianya	4/4
SUN Yingcai	4/4
Number of meetings held during the year	4

Roles and Duties

The Audit Committee is mainly responsible for overseeing the Company's internal audit system and its implementation; reviewing the Company's financial information and its disclosure; reviewing the Company's internal control system; auditing major connected transactions; and communication, supervision and verification of the Company's internal and external audit.

Working Report

For the year ended 31 December 2013, the Audit Committee held a total of four meetings with focus on reviewing and discussing: (1) matters related to audit and financial reporting; (2) appointing external auditors; (3) work with external auditors to establish an internal control system; and review the Company's annual, half-yearly and quarterly financial statements. Having evaluating the integrity, accuracy and fairness of the Company's financial statements, all members unanimously believe that the financial statements have disclosed sufficient information and accurately reflected the Company's financial position. All members of the Audit Committee can access the auditor and all senior staff of the Group without any limitations.

(ii) Remuneration Committee

Members

The Company has established the Remuneration Committee whose duties are the same as that contained in Code B.1.3 of Appendix 15 of the Listing Rules of the Hong Kong Stock Exchange. The Remuneration Committee comprises three directors with two of them being independent directors. On 31 December 2013, the members of the Remuneration Committee were: HE Chaobing, Ye Jianmei and Ge Jianya. HE Chaobing is the chairman of the Remuneration Committee.

As at 31 December 2013, the following table sets out the attendance of the members of the Remuneration Committee at meetings of the Remuneration Committee during the year:

	Attendance at meetings/number of meetings held for the year ended 31 December 2013
HE Chaobing *(Chairman)*	2/2
YE Jianmei	2/2
GE Jianya	2/2
Number of meetings held during the relevant period	2

Roles, Duties and Work Summary

The Remuneration Committee is responsible for ensuring a formal and transparent procedure for formulating the remuneration policy and supervising the implementation of remuneration portfolio of executive directors and senior management. The Remuneration Committee is mainly responsible for formulating the Company's human resources development strategy and planning, approving the Company's human resources development plans, formulating the compensation standard for directors and senior management, examining and approving the Company's total wage adjustment plan, incentive plan, option plan and plan for amending the salary system. Factors which will be considered by the Remuneration Committee include salary level of comparable companies of same size in the same industry, personal details of all directors and senior management, time devoted and duties etc. The Remuneration Committee holds at least one meeting each year.

The Remuneration Committee held a meeting for the year ended 31 December 2013 to review the remuneration policies for directors.

(iii) Nomination Committee

The Company has worked out the terms of reference of the Nomination Committee pursuant to the requirements of the Stock Exchange. The Nomination Committee comprises three directors. On 31 December 2013, the members of the Nomination Committee were: HE Chaobing, Ge Jianya and Ye Jianmei. HE Chaobing is the chairman of the Nomination Committee.

As at 31 December 2013, the following table sets out the attendance of the members of the Nomination Committee at meeting of the Nomination Committee during the year:

	Attendance at meeting/number of meeting held for the year ended 31 December 2013
HE Chaobing *(Chairman)*	1/1
GE Jianya	1/1
YE Jianmei	1/1
Number of meetings held during the relevant period	1

Nomination Committee includes the following functions:

(a) formulate nomination policy for consideration by the Board of Directors, and implement the nomination policy approved by the Board of Directors; and

(b) Without prejudice to the generality of the above provision:

(i) review the structure, number and constituent members (including their skills, knowledge, experience and service duration), and propose any changes to the Board of Directors in accordance with the corporate strategies of the Company;

(ii) identify competent individuals with appropriate qualifications as candidates for Directors, select and nominate the relevant individuals to act as Directors or advise the Board of Directors in this respect;

(iii) identify and nominate candidates capable to fill any vacancy of Directors for approval by the Board of Directors;

(iv) evaluate the independence of the independent non-executive Directors;

(v) review the time required for Directors to perform their duties on regular basis;

(vi) make recommendations to the Board of Directors on matters relating to the appointment or re-appointment of Directors and succession plans for Directors (in particular for the Chairman and the Chief Executive Officer);

(vii) carry out any action to procure the committee to perform the powers and duties authorized by the Board of Directors; and

(viii) comply with any requirements, instructions and regulations stipulated by the Board of Directors or set out in the Articles of Association of the Company or required by laws from time to time.

The Nomination Committee will have at least one meeting per year. According to the terms of reference, the Committee has an advisory role in the matters mentioned above and the Board of Directors reserves the right of final and conclusive decision.

(E) SUPERVISORS AND SUPERVISORY COMMITTEE

The Company's Supervisory Committee comprises three supervisors with two of them being representatives of shareholders and one of them being representative of the Company's staff. The number of members of the Supervisory Committee and its member composition comply with the requirements of laws and regulations.

The Supervisory Committee is accountable to all shareholders and focuses on overseeing finance in actual work. Meanwhile, it will also oversee the fulfillment of duties by the Company's directors and senior management and safeguard the Company's assets and legal interests of the Company and shareholders.

(F) THE RESPONSBILITY OF DIRECTORS IN PREPARING FINANCIAL REPORTS

Directors have confirmed their responsibility in preparing the Group's financial statements and guaranteed that financial statements have been prepared pursuant to laws and the applicable accounting principles. The Board also warrants to issue the financial statements of the Group in time.

Directors have confirmed, having made all reasonable enquiries, to their best knowledge, information and belief, they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

(G) AUDITOR'S REMUNERATION

For the year ended 31 December 2013, the Group's external auditors provided the following services to the Group:

	2013 **RMB'000**
Audit services	2,087

(H) SHAREHOLDERS' RIGHTS

How the Shareholders convene the Extraordinary General Meeting and present suggestions in the general meeting

According to the Article of Associations of the Company, Shareholder(s) holding more than 10% (inclusive) of the Company's issued and outstanding shares carrying voting rights request(s) in writing the convening of an extraordinary general meeting, the Board shall convene an extraordinary general meeting within two months. Also, when the Company convenes an annual general meeting, shareholders holding more than 5% (inclusive) of the total voting shares of the Company shall have the right to submit new proposals in writing to the Company, but the said proposals shall be served to the Company 90 days prior to the date of convening of the annual general meeting. The Company shall place the proposals on the agenda for the said annual general meeting if the said proposals fall within the functions and powers of general meetings.

The letter of demanding an Extraordinary General Meeting mentioned above shall be sent to the principal office of the Company stating the Board of the Company as the addressee.

How to make enquiry to the Board

Shareholders may send letters to the principal office of the Company for any enquiries stating the Board of the Company as the addressee.

Significant Changes of the Articles of Association of the Company

During the year under review, there is no changes to the Articles of Association of the Company.

(I) COMPANY SECRETARY

According to the requirement of Listing Rules, Mr. Wong Hudson, the company secretary of the Company, has taken not less than 15 hours of relevant professional training during the financial year ended 31 December 2013.

(J) ABOUT BOARD DIVERSITY

The Stock Exchange issued certain revisions of the code and corporate governance report set out in Appendix 15 of the GEM Listing Rules with respect to board diversity, and such revisions were officially implemented on 1 September 2013. The amended code provides that the nomination committee should give adequate consideration to the relevant principles under sections about board composition as well as appointments, re-election and removal in carrying out its responsibilities. The board can achieve board diversity through consideration of a number of factors, including gender, age, cultural and educational background or professional experience. Terms of reference for the Nomination Committee have been amended in order to incorporate the monitoring of the implementation of board diversity policy into its responsibilities.

The Group has organised internal training and seminar to ensure a full and comprehensive understanding of the relevant requirements.

Additionally, the Group has formulated policies with regard to board diversity, the summary of which is set out as follows:

(1) election of members of the Board will be based on a set of diversified standards, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and service period; and

(2) the Nomination Committee will monitor the implementation of the diversity policies from time to time to ensure the effectiveness of the diversity policies.

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TO THE SHAREHOLDERS OF DAHE MEDIA CO., LTD.
（大賀傳媒股份有限公司）
(Joint stock company established in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of Dahe Media Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 45 to 115, which comprise the consolidated and company statements of financial position as at 31 December 2013, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2013 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

BDO Limited
Certified Public Accountants

Au Yiu Kwan
Practising Certificate Number P05018

Hong Kong, 26 March 2014

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2013

	Notes	2013 RMB'000	2012 RMB'000
Turnover	6	**428,954**	454,801
Cost of sales	10	**(271,417)**	(294,322)
Gross profit		**157,537**	160,479
Other revenue and net gains and losses	8	**12,235**	3,748
Distribution costs		**(40,283)**	(39,012)
Administrative expenses		**(83,671)**	(77,460)
Share of results of a joint venture	21	**222**	(321)
Finance costs	9	**(21,127)**	(19,379)
Profit before income tax	10	**24,913**	28,055
Income tax expense	11	**(11,269)**	(15,867)
Profit and total comprehensive income for the year		**13,644**	12,188
Attributable to:			
– Owners of the Company		**6,163**	8,860
– Non-controlling interests		**7,481**	3,328
		13,644	12,188
Earnings per share – Basic and diluted (RMB)	12	**0.007**	0.011

As at 31 December 2013

	Notes	2013 *RMB'000*	2012 *RMB'000*
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties	15	**38,241**	33,227
Property, plant and equipment	16	**145,619**	162,026
Prepaid land lease payments	17	**2,173**	2,230
Goodwill	18	**15,679**	15,679
Other intangible assets	19	**1,875**	2,109
Interests in a joint venture	21	**1,469**	1,247
Deposits paid to a fellow subsidiary	32(d)	**—**	31,977
Deferred tax assets	11(c)	**4,980**	4,980
Available-for-sale financial assets	30	**52**	52
Total non-current assets		**210,088**	253,527
Current assets			
Inventories	22	**24,297**	8,282
Trade and note receivables	23	**236,582**	212,053
Other receivables, deposits and prepayments	24	**72,480**	64,338
Deposits paid to a fellow subsidiary	32(d)	**32,898**	—
Amount due from a former subsidiary	30	**892**	892
Amount due from holding company	32(c)	**8,548**	5,763
Amount due from a joint venture	21	**—**	94
Amounts due from fellow subsidiaries	32(d)	**6,458**	—
Amounts due from related companies	32(e)	**173**	17,003
Bank balances and cash and pledged bank deposits	25	**198,559**	124,145
Total current assets		**580,887**	432,570
Total assets		**790,975**	686,097
Current liabilities			
Trade payables	26	**51,997**	57,061
Other payables, deposits received and accruals	26	**17,117**	12,955
Deferred advertising income		**18,571**	22,547
Amounts due to related companies	32(e)	**153**	115
Amounts due to fellow subsidiaries	32(d)	**3,865**	1,208
Bank borrowings	27	**312,940**	220,000
Income tax payables		**8,866**	11,212
Other tax payables		**7,673**	5,452
Total current liabilities		**421,182**	330,550

	Notes	2013 RMB'000	2012 RMB'000
Net current assets		**159,705**	102,020
Total assets less current liabilities		**369,793**	355,547
Non-current liabilities			
Deferred tax liabilities	11(d)	**1,334**	582
NET ASSETS		**368,459**	354,965
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital	28	**83,000**	83,000
Reserves		**258,851**	252,688
Equity attributable to owners of the Company		**341,851**	335,688
Non-controlling interests		**26,608**	19,277
TOTAL EQUITY		**368,459**	354,965

On behalf of the board

He Chaobing
Director

Lu Yin
Director

Statement of Financial Position

As at 31 December 2013

	Notes	2013 RMB'000	2012 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties	15	**38,241**	33,227
Property, plant and equipment	16	**65,762**	71,484
Prepaid land lease payments	17	**2,173**	2,230
Other intangible assets	19	**905**	1,013
Investments in subsidiaries	20	**47,574**	46,234
Interest in a joint venture	21	**1,700**	1,700
Deposit paid to a fellow subsidiary	32(d)	**—**	31,977
Deferred tax assets	11(c)	**4,980**	4,980
Total non-current assets		**161,335**	192,845
Current assets			
Inventories	22	**22,299**	4,693
Trade and note receivables	23	**115,341**	113,215
Other receivables, deposits and prepayments	24	**40,726**	28,783
Deposit paid to a fellow subsidiary	32(d)	**32,898**	—
Amount due from holding company	32(c)	**6,005**	3,320
Amounts due from fellow subsidiaries	32(d)	**6,142**	—
Amounts due from subsidiaries	20	**108,969**	122,684
Amount due from a former subsidiary	30	**132**	132
Amounts due from related companies	32(e)	**152**	14,152
Amount due from a joint venture	21	**—**	94
Bank balances and cash and pledged bank deposits	25	**185,035**	114,913
Total current assets		**517,699**	401,986
Total assets		**679,034**	594,831
Current liabilities			
Trade payables	26	**26,216**	28,237
Other payables, deposits received and accruals	26	**12,531**	8,968
Deferred advertising income		**7,985**	8,868
Amounts due to subsidiaries	20	**1,700**	98
Amounts due to fellow subsidiaries	32(d)	**1,131**	545
Amounts due to related companies	32(e)	**153**	115
Bank borrowings	27	**295,000**	215,000
Income tax payables		**3,085**	4,598
Other tax payables		**5,089**	2,370
Total current liabilities		**352,890**	268,799

	Notes	2013 RMB'000	2012 RMB'000
Net current assets		**164,809**	133,187
Total assets less current liabilities		**326,144**	326,032
Non-current liabilities			
Deferred tax liabilities	11(d)	**1,334**	582
NET ASSETS		**324,810**	325,450
CAPITAL AND RESERVES			
Share capital	28	**83,000**	83,000
Reserves	29	**241,810**	242,450
TOTAL EQUITY		**324,810**	325,450

On behalf of the board

He Chaobing
Director

Lu Yin
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2013

	Share capital RMB'000 (Note 28)	Share premium and capital reserve RMB'000 (Note 29 (i))	Statutory surplus reserve RMB'000 (Note 29(ii))	Other reserve RMB'000	Retained profits RMB'000	Equity attributable to owners of the Company RMB'000	Non-controlling interests RMB'000	Total RMB'000
Balance at 1 January 2012	83,000	97,421	25,218	(844)	122,033	326,828	38,903	365,731
Profit and total comprehensive income for the year	–	–	–	–	8,860	8,860	3,328	12,188
Disposals of subsidiaries (Note 31)	–	(37)	(77)	–	114	–	(562)	(562)
Appropriations to statutory reserves	–	–	3,058	–	(3,058)	–	–	–
Dividend paid to non-controlling shareholder of a subsidiary	–	–	–	–	–	–	(22,392)	(22,392)
Balance at 31 December 2012	83,000	97,384	28,199	(844)	127,949	335,688	19,277	354,965
Profit and total comprehensive income for the year	–	–	–	–	6,163	6,163	7,481	13,644
Contribution from non-controlling shareholder of a subsidiary	–	–	–	–	–	–	660	660
Appropriations to statutory reserves	–	–	610	–	(610)	–	–	–
Dividend paid to non-controlling shareholder of a subsidiary	–	–	–	–	–	–	(810)	(810)
Balance at 31 December 2013	83,000	97,384	28,809	(844)	133,502	341,851	26,608	368,459

Consolidated Statement of Cash Flows

For the year ended 31 December 2013

	2013 *RMB'000*	2012 *RMB'000*
Cash flows from operating activities		
Profit before income tax	**24,913**	28,055
Adjustments for:		
Interest income	**(1,058)**	(615)
Interest expense	**20,235**	18,710
Depreciation of properties, plant and equipment	**26,326**	25,135
Fair value gain on investment properties	**(5,014)**	(246)
Gain on disposals of subsidiaries	**—**	(757)
Amortisation of other intangible assets and prepaid land lease payments	**291**	289
Losses on disposals of property, plant and equipment	**475**	2,595
Allowance for bad and doubtful debts	**35,084**	27,519
Allowance for other receivables, deposits and prepayments	**1,275**	615
Allowances for obsolete inventories	**879**	120
Share of results of a joint venture	**(222)**	321
Operating profit before working capital changes	**103,184**	101,741
Increase in inventories	**(16,894)**	(1,224)
Increase in trade and note receivables	**(59,613)**	(49,982)
Increase in other receivables, deposits and prepayments	**(9,417)**	(21,074)
Decrease/(increase) in amounts due from related companies	**16,830**	(12,259)
Increase in amounts due from holding company	**(2,785)**	(17,719)
Decrease in amount due from a former subsidiary	**—**	45
(Increase)/decrease in amounts due from a fellow subsidiary	**(6,458)**	3,000
Decrease in amounts due from a joint venture	**94**	34
Increase in amounts due to related companies	**38**	115
Increase in amounts due to fellow subsidiaries	**2,657**	1,208
(Decrease)/increase in trade payables	**(5,064)**	19,240
Increase in other payables, deposits received and accruals	**4,162**	8,956
Decrease in deferred advertising income	**(3,976)**	(618)
Increase in other tax payables	**2,221**	1,021
Cash generated from operations activities	**24,979**	32,484
Interest paid	**(20,235)**	(18,710)
PRC income tax paid	**(12,863)**	(10,161)
Net cash (used in)/generated from operating activities	**(8,119)**	3,613

For the year ended 31 December 2013

	2013	2012
	RMB'000	*RMB'000*
Cash flows from investing activities		
Acquisition of property, plant and equipment	**(11,956)**	(44,155)
Proceeds on disposal of property, plant and equipment	**1,562**	1,044
(Addition of)/refund of pledged bank deposits	**(40,000)**	24,000
Interest received	**1,058**	615
(Increase)/decrease in deposit paid to a fellow subsidiary	**(921)**	18,221
Proceeds on disposals of subsidiaries, net of cash disposed	**—**	1,864
Net cash (used in)/generated from investing activities	**(50,257)**	1,589
Cash flows from financing activities		
New bank borrowings	**322,020**	220,000
Repayments of bank borrowings	**(229,080)**	(292,000)
Deposit repaid from holding company	**—**	30,000
Contribution from non-controlling shareholder of a subsidiary	**660**	—
Dividends paid to non-controlling shareholder of a subsidiary	**(810)**	(22,392)
Net cash generated from/(used in) financing activities	**92,790**	(64,392)
Net increase/(decrease) in cash and cash equivalents	**34,414**	(59,190)
Cash and cash equivalents at beginning of year	**114,145**	173,335
Cash and cash equivalents at end of year	**148,559**	114,145
Analysi of balances of cash and cash equivalents		
Bank balances and cash and pledged bank deposits	**198,559**	124,145
Less: Pledged bank deposits	**(50,000)**	(10,000)
	148,559	114,145

1. ORGANISATION AND OPERATIONS

Dahe Media Co., Ltd. (the "Company") is a joint stock company established in the People's Republic of China (the "PRC") with limited liability and its H shares were listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 13 November 2003. The address of its registered office is Jianye District, No.18 Jialingiang East Sreet, Nanjing, the PRC and its principal place of business is No.8 Hengfei Road, Economic and Technology Development Zone, Nanjing, the PRC.

The Company and its subsidiaries (hereafter referred to as the "Group") are principally engaged in the design, printing and production of outdoor advertising products, the dissemination of outdoor advertisement by leasing outdoor advertising spaces in the PRC and trading of artwork. Principal activities of the subsidiaries are set out in Note 20 to the financial statements.

The directors of the Company consider Dahe International Advertising Group, Co., Ltd. ("大賀投資控股集團有限公司"), a limited liability company established in the PRC, as the ultimate holding company of the Company.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new/revised HKFRSs potentially relevant to the Group – Effective 1 January 2013

HKFRSs (Amendments)	Annual Improvements 2009-2011 Cycle
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income
Amendments to HKFRS 7	Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments in Associates and Joint Ventures

Except as explained below, the adoption of these amendments has no material impact on the Group's financial statements.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS") (continued)

(a) Adoption of new/revised HKFRSs potentially relevant to the Group – Effective 1 January 2013 (continued)

HKFRS 10 - Consolidated Financial Statements

HKFRS 10 introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns. HKFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduces the concept of "de facto" control where an investor can control an investee while holding less than 50% of the investee's voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee. Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them.

The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agents of the investor. An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. The accounting requirements in HKAS 27 (2008) on other consolidation related matters are carried forward unchanged. The Group has changed its accounting policy in determining whether it has control of an investee and therefore is required to consolidate that interest (see note 4(b)).

The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 January 2013.

HKFRS 11 – Joint Arrangements

Joint arrangements under HKFRS 11 have the same basic characteristics as joint ventures under HKAS 31. Joint arrangements are classified as either joint operations or joint ventures. Where the Group has rights to the assets and obligations for the liabilities of the joint arrangement, it is regarded as a joint operator and will recognise its interests in the assets, liabilities, income and expenses arising from the joint arrangement. Where the Group has rights to the net assets of the joint arrangement as a whole, it is regarded as having an interest in a joint venture and will apply the equity method of accounting, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). HKFRS 11 does not allow proportionate consolidation of a joint venture arrangement. In an arrangement structured through a separate vehicle, all relevant facts and circumstances should be considered to determine whether the parties to the arrangement have rights to the net assets of the arrangement. Previously, the existence of a separate legal entity was the key factor in determining the existence of a jointly controlled entity under HKAS 31. The Group has changed its accounting policy for joint arrangements (see note 4(c)).

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS") (continued)

(a) Adoption of new/revised HKFRSs potentially relevant to the Group – Effective 1 January 2013 (continued)

HKFRS 12 – Disclosure of Interests in Other Entities

HKFRS 12 integrates and makes consistent the disclosures requirements about interests in subsidiaries, associates and joint arrangements. It also introduces new disclosure requirements, including those related to unconsolidated structured entities. The general objective of the standard is to enable users of financial statements to evaluate the nature and risks of a reporting entity's interests in other entities and the effects of those interests on the reporting entity's financial statements.

HKFRS 12 disclosures are provided in notes 20 and 21. As the new standard affects only disclosure, there is no effect on the Group's financial position and performance.

HKFRS 13 – Fair Value Measurement

HKFRS 13 provides a single source of guidance on how to measure fair value when it is required or permitted by other standards. The standard applies to both financial and non-financial items measured at fair value and introduces a fair value measurement hierarchy. The definitions of the three levels in this measurement hierarchy are generally consistent with HKFRS 7 "Financial Instruments: Disclosures". HKFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The standard removes the requirement to use bid and ask prices for financial assets and liabilities quoted in an active market. Rather the price within the bid-ask spread that is most representative of fair value in the circumstances should be used. It also contains extensive disclosure requirements to allow users of the financial statements to assess the methods and inputs used in measuring fair values and the effects of fair value measurements on the financial statements. HKFRS 13 is applied prospectively.

HKFRS 13 did not materially affect any fair value measurements of the Group's assets and liabilities and therefore has no effect on the Group's financial position and performance. The standard requires additional disclosures about fair value measurements and these are included in notes 15 and 39. Comparative disclosures have not been presented in accordance with the transitional provisions of the standard.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

(b) New/revised HKFRSs that have been issued and have been early adopted

Amendments to HKAS 36 – Recoverable Amount Disclosures

The amendments limit the requirements to disclose the recoverable amount of an asset or cash generating unit (CGU) to those periods in which an impairment loss has been recognised or reversed, and expand the disclosures where the recoverable amount of impaired assets or CGUs has been determined based on fair value less costs of disposal. The amendments are effective for annual periods commencing on or after 1 January 2014. The Group has early adopted the amendments to HKAS 36 in the current period. The disclosures about the goodwill in note 18 have been modified accordingly.

(c) New/revised HKFRSs that have been issued but are not yet effective

The following new and revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
HKFRS 9	Financial Instruments
HK(IFRIC) Interpretation 21	Levies[1]
HKFRSs (Amendments)	Annual Improvements to 2010-2012 Cycle[3]
HKFSs (Amendments)	Annual Improvements to 2011-2013 Cycle[2]

1 Effective for annual periods beginning on or after 1 January 2014
2 Effective for annual periods beginning on or after 1 July 2014
3 Effective for annual periods beginning, or transactions occurring, on or after 1 July 2014

Amendments to HKAS 32 - Offsetting Financial Assets and Financial Liabilities

The amendments clarify the offsetting requirements by adding appliance guidance to HKAS 32 which clarifies when an entity "currently has a legally enforceable right to set off" and when a gross settlement mechanism is considered equivalent to net settlement.

HKFRS 9 - Financial Instruments

Under HKFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gain or loss will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS") (continued)

(c) New/revised HKFRSs that have been issued but are not yet effective (continued)

HKFRS 9 - Financial Instruments (continued)

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

HK (IFRIC) 21 – Levies

HK (IFRIC) 21 clarifies that an entity recognizes a liability to pay a levy imposed by government when the activity that triggers payment, as identified by the relevant legislation, occurs.

The Group is in the process of making an assessment of the potential impact of these new or revised HKFRSs and the directors of the Company so far concluded that the application of these new or revised HKFRSs will have no material impact on the Group's financial statements.

3. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosure required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules").

(b) Basis of measurement

The consolidated financial statements have been prepared under historical cost convention, except for investment properties that are carried at fair value as explained in the accounting policies set out below.

(c) Functional and presentation currency

The consolidated financial statements are presented in Renminbi ("RMB"), which is the same as the functional currency of the Company and each of the group entities.

4. PRINCIPAL ACCOUNTING POLICIES

(a) Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company, its subsidiaries and its jointly controlled entity. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective dates of acquisition or up to the effective dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Acquisition of subsidiaries or businesses is accounted for using acquisition method. The cost of acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquirer is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interest either at fair value or at the proportionate share of the acquirer's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interest and non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interest is the amount of those interests at initial recognition plus non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in non-controlling interest having a deficit balance.

4. PRINCIPAL ACCOUNTING POLICIES (continued)

(b) Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(c) Joint ventures

The Group is a party to a joint arrangement where there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the Group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The Group classifies its interests in joint arrangements as either:

— *Joint ventures*: where the Group has rights to only the net assets of the joint arrangement; or

— *Joint operations*: where the Group has both the rights to assets and obligations for the liabilities of the joint arrangement.

In assessing the classification of interests in joint arrangements, the Group considers:

— *The structure of the joint arrangement;*

— *The legal form of joint arrangements structured through a separate vehicle;*

— *The contractual terms of the joint arrangement agreement; and*

— *Any other facts and circumstances (including any other contractual arrangements).*

The Group accounts for its interests in joint ventures using equity method.

Any premium paid for an investment in a joint venture above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the investment in joint venture. Where there is objective evidence that the investment in a joint venture has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

The Company's interests in joint venture are stated at cost less impairment losses, if any. The results of jointly controlled entities are accounted for by the Company on the basis of dividends received and receivable.

4. PRINCIPAL ACCOUNTING POLICIES (continued)

(d) Goodwill

Goodwill is initially recognised at cost being the excess of the aggregate of consideration transferred and the amount recognised for non-controlling interests over the fair value of identifiable assets, liabilities and contingent liabilities acquired.

Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is recognised in profit or loss on the acquisition date, after re-assessment.

Goodwill is measured at cost less impairment losses. For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units ("CGU") that are expected to benefit from the synergies of the acquisition. A CGU to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired.

For goodwill arising on an acquisition in a financial year, the CGU to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the CGU is less than the carrying amount of the unit, impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro-rata on the basis of the carrying amount to each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss and is not reversed in subsequent periods.

(e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

4. PRINCIPAL ACCOUNTING POLICIES (continued)

(e) Property, plant and equipment (continued)

Property, plant and equipment are depreciated so as to write off their cost less the estimated residual value over their estimated useful lives on straight-line method. The estimated useful lives, estimated residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The estimated useful lives are as follows:

Outdoor advertising displays	
– Highway boards	20 years
– Enkon boards	10 – 12 years
Buildings	40 years
Leasehold improvements	Over the remaining term of the lease
Production equipment	8 to 14 years
Furniture, fixtures and equipment	5 to 10 years
Motor vehicles	6 years

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

Gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

(f) Prepaid land lease payments

When a lease includes both land and building elements, the Group assesses the classification of each element as finance or operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

Interest in leasehold land that is accounted for as operating lease is presented as "prepaid land lease payments" in the statement of financial position and is amortised over the lease term on straight-line method. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as finance lease and accounted for as property, plant and equipment, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease.

(g) Investment property

Investment property is property held either to earn rentals or for capital appreciation or for both, but not held for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

4. PRINCIPAL ACCOUNTING POLICIES (continued)

(h) Intangible assets – advertising rights

Advertising rights represent fees paid to secure exclusive rights to sell advertising spaces on certain specified assets or at certain specified locations for a specific period of time. Advertising rights acquired outright by the Group which the Group has the right of transfer are capitalised as intangible assets. Other contracts obtained by the Group are accounted for as operating leases of advertising rights.

Capitalised advertising rights are stated at cost less accumulated amortisation and any impairment losses.

Amortisation is charged on straight-line method over the agreed period of use of the advertising rights, from the date of the commercial use of the advertising rights, with the effect of any changes in estimate being accounted for on a prospective basis.

(i) Impairment of other assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, intangible assets, prepaid land lease payments, interests in a joint venture and the Company's investments in subsidiaries to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have reduced. Accounting policies for impairment on goodwill are detailed in note 4(d) above.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset, is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

(j) Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using first-in first out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

4. PRINCIPAL ACCOUNTING POLICIES (continued)

(k) Financial instruments

(i) Financial assets

The Group classifies its financial assets at initial recognition, depending on the purpose for which the asset was acquired. These are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. Regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These arise principally through the provision of goods and services to customers (trade debtors), and also incorporate other types of contractual monetary asset. Subsequent to initial recognition, they are carried at amortised cost using effective interest method, less any identified impairment losses.

Available-for-sale financial assets

These assets are non-derivative financial assets that are designated as available-for-sale or are not included in other categories of financial assets. Subsequent to initial recognition, these assets are carried at fair value with changes in fair value recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary instruments, which are recognised in profit or loss.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses.

(ii) Impairment loss on financial assets

The Group assesses, at the end of each reporting period, whether there is any objective evidence that financial asset is impaired. Financial asset is impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include:

— significant financial difficulty of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— granting concession to a debtor because of debtor's financial difficulty;

— it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

4. PRINCIPAL ACCOUNTING POLICIES (continued)

(k) Financial instruments (continued)

(ii) Impairment loss on financial assets (continued)

Loans and receivables

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

For Available-for-sale financial assets

Where a decline in the fair value constitutes objective evidence of impairment, the amount of loss is removed from equity and recognised in profit or loss.

Any impairment losses on available-for-sale debt investments are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For available-for-sale equity investment, any increase in fair value subsequent to impairment loss is recognised in other comprehensive income.

For available-for-sale equity investment that is carried at cost, the amount of impairment loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss is not reversed.

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities include trade and other payables, amounts due to group companies and borrowings and are initially measured at fair value, net of directly attributable costs incurred. Subsequent to initial recognition, financial liabilities are measured at amortised cost, using effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

Effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or liability, or where appropriate, a shorter period.

4. PRINCIPAL ACCOUNTING POLICIES (continued)

(k) Financial instruments (continued)

(v) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount determined in accordance with HKAS 37 Provisions, Contingent Liabilities and Contingent Assets; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 Revenue.

(vi) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKAS 39.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired.

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

4. PRINCIPAL ACCOUNTING POLICIES (continued)

(m) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(n) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense on straight-line method over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

(o) Government grants

Government grants are recognised when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(p) Income taxes

Income taxes for the period comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

4. PRINCIPAL ACCOUNTING POLICIES (continued)

(p) Income taxes (continued)

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

An exception to the general requirement on determining the appropriate tax rate used in measuring deferred tax amount is when an investment property is carried at fair value under HKAS 40 "Investment Property". Unless the presumption is rebutted, deferred tax amounts on these investment properties are measured using the tax rates that would apply on sale of these investment properties at their carrying amounts at the reporting date. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

(q) Foreign currencies

Transactions entered into by the group entities in currencies other than the currency of the primary economic environment in which they operate (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

4. PRINCIPAL ACCOUNTING POLICIES (continued)

(q) Foreign currencies (continued)

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. RMB) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as foreign exchange reserve (attributed to non-controlling interests as appropriate). Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as foreign exchange reserve.

On disposal of a foreign operation, the cumulative exchange differences recognised in foreign exchange reserve relating to that operation up to the date of disposal are reclassified to profit or loss as part of the profit or loss on disposal.

(r) Employees' benefits

(i) Short term benefits

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

(ii) Defined contribution retirement plan

Contributions to defined contribution retirement plans are recognised as an expense in profit or loss when the services are rendered by the employees.

(s) Capitalisation on borrowing costs

Borrowing costs attributable directly to the acquisition, construction or production of qualifying assets which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4. PRINCIPAL ACCOUNTING POLICIES (continued)

(t) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and exclude value added tax.

(i) Revenue from the dissemination of outdoor advertising displays and media advertisements is recognised over the term of the relevant contract and to the extent of services rendered.

(ii) Revenue from production of printed posters, terminal and signages and sale of electronic media products and lamps are recognised when products are delivered to the customer, the customer has accepted the products and collectability of the related receivable is reasonably assured.

(iii) Revenue from the sale of goods is recognised on transfer of risks and rewards of ownership, which is at the time of delivery and the title is passed to customer.

(iv) Interest income is recognised on time-apportioned basis by reference to the principal outstanding using effective interest method.

(v) Rental income from investment properties is recognised in equal instalments over the accounting periods covered by the lease term.

4. PRINCIPAL ACCOUNTING POLICIES (continued)

(u) Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of key management personnel of the Group or the Company's parent.

(b) An entity is related to the Group if any of the following conditions apply:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATES UNCERTAINTY

In the application of the Group's accounting policies, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Critical judgments in applying accounting policies

In the process of applying the Group's accounting policies, management has made the judgments in relation to impairment of assets apart from those involving estimation as discussed in Notes 4(d), 4(i) and 4(k) to the financial statements, which have the most significant effect on the amounts recognised in the consolidated financial statements.

In determining whether an asset is impaired or the event previously causing the impairment no longer exists, the Group exercises judgment in the areas of asset impairment, particularly in assessing: (1) whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence; (2) whether the carrying value of an asset can be supported by net present value of future cash flows which are estimated based upon the continued use of the asset or derecognition; and (3) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test.

(b) Key sources of estimation uncertainty

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of the Group's assets and liabilities within the next financial year.

(i) Impairment of asset

The Group determines whether an asset is impaired at least on an annual basis or where an indication of impairment exists in respect of goodwill and other assets respectively. This requires an estimation of the value-in-use of the asset. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the assets and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATES UNCERTAINTY (continued)

(b) Key sources of estimation uncertainty (continued)

(ii) Fair value measurement

Certain assets and liabilities included in the Group's financial statements require measurement at, and/or disclosure of, fair value. The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

- Level 1: Quoted prices in active markets for identical items (unadjusted);
- Level 2: Observable direct or indirect inputs other than Level 1 inputs;
- Level 3: Unobservable inputs (i.e. not derived from market data).

Classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur. The Group measures investment properties (note 15) at fair value.

6. TURNOVER

Turnover represents the net invoiced value of goods sold and services provided to customers, after any allowance and discounts and is analysed as follows:

	2013	2012
	RMB'000	*RMB'000*
Income from media dissemination	**257,623**	299,223
Income from media production	**58,883**	72,525
Income from terminal dissemination	**107,792**	83,053
Trading of artwork	**4,656**	—
	428,954	454,801

7. 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 four reportable segments. These 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

— Trading of artwork (new during the year)

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.

7. SEGMENTAL INFORMATION (continued)

(a) Segment revenue and results

Year ended 31 December 2013

	Media dissemination *RMB'000*	Media production *RMB'000*	Terminal dissemination *RMB'000*	Trading of artwork *RMB'000*	Total *RMB'000*
Revenue from external customers	**257,623**	**58,883**	**107,792**	**4,656**	**428,954**
Reportable segment results	**114,103**	**10,158**	**32,012**	**1,264**	**157,537**
Other revenue and net gains and losses					**12,235**
Distribution costs					**(40,283)**
Administrative expenses					**(83,671)**
Share of results of a joint venture					**222**
Finance costs					**(21,127)**
Profit before income tax					**24,913**

Year ended 31 December 2012

	Media dissemination *RMB'000*	Media production *RMB'000*	Terminal dissemination *RMB'000*	Trading of artwork *RMB'000*	Total *RMB'000*
Revenue from external customers	299,223	72,525	83,053	–	454,801
Reportable segment results	127,518	7,579	25,382	–	160,479
Other revenue and net gains and losses					3,748
Distribution costs					(39,012)
Administrative expenses					(77,460)
Share of results of a joint venture					(321)
Finance costs					(19,379)
Profit before income tax					28,055

7. SEGMENTAL INFORMATION (continued)

(b) Geographical information

All of the Group's operations and assets are located in the PRC, in which all of its revenue was derived.

(c) Information about major customers

The Group's customer base is diversified and there was one customer (2012: two) with whom transactions has exceeded 10% of the Group's revenues. Revenue from the customer of the Group's media dissemination segment amounted to approximately RMB45,454,000 (2012: RMB102,882,000).

8. OTHER REVENUE AND NET GAINS AND LOSSES

	Notes	**2013**	2012
		RMB'000	*RMB'000*
Other revenue			
Interest income		**1,058**	615
Government grants (note)		**3,076**	1,689
Rental income	33(b)	**1,420**	1,330
Guarantee fee income		**1,900**	1,600
Others		**242**	106
		7,696	5,340
Net gains and losses			
Fair value gains of investment properties	15	**5,014**	246
Gain on disposals of subsidiaries	31	**—**	757
Losses on disposals of property, plant and equipment		**(475)**	(2,595)
		4,539	(1,592)
Total		**12,235**	3,748

Note: The Group received various cash grants from the Nanjing Economy and Technology Development Zone Management Committee and Gaochun Technology Improvement Fund for encouraging the establishment of businesses in the Technology Development Zone in these regions and new product development.

9. FINANCE COSTS

	2013 RMB'000	2012 RMB'000
Interest expense on bank loans wholly repayable within five years	**17,182**	17,339
Interest expense on note payables	**3,053**	1,371
Bank charges	**892**	669
	21,127	19,379

10. PROFIT BEFORE INCOME TAX

	Notes	2013 RMB'000	2012 RMB'000
Profit before income tax is stated after charging/(crediting) the following:			
Cost of inventories (Note)		**124,285**	123,612
Cost of services (Note)		**147,132**	170,710
		271,417	294,322
Auditor's remuneration		**2,087**	2,383
Depreciation of property, plant and equipment	16	**26,326**	25,135
Amortisation of prepaid land lease payments	17	**57**	56
Amortisation of other intangible assets	19	**234**	233
Allowance for bad and doubtful debts on trade and note receivables	23	**35,084**	27,519
Allowance for bad and doubtful debts on other receivables, deposits and prepayments	24	**1,275**	615
Employee benefit expenses (excluding directors' remuneration (Note 14(a))			
– Salaries, bonus and allowances		**42,150**	45,722
– Defined contribution retirement benefit scheme		**6,843**	6,601
Research and development costs included in administrative expenses		**4,621**	3,283

Note: Cost of inventories and cost of services (together with cost of sales) included RMB13,354,000 (2012: RMB13,509,000) and RMB14,670,000 (2012: RMB15,581,0000) respectively relating to staff costs, depreciation and amortisation expenses, which are also included in the respective total amounts disclosed separately above.

The consolidated profit attributable to owners of the Company includes a loss of RMB640,000 (2012: profit of RMB28,000) which has been dealt with in the financial statements of the Company during the year.

11. INCOME TAX EXPENSE

Provision for PRC Enterprise Income Tax ("EIT") is based on the estimated taxable income for PRC taxation at the rate of taxation applicable for the year.

In accordance with the new PRC Enterprise Income Tax Law which became effective from 1 January 2008, a unified enterprise income tax rate of 25% will be applied to both domestic-invested enterprises and foreign-invested enterprises. Enterprises being qualified as a high new technology enterprise in the PRC are subject to an applicable national EIT rate of 15%. Accordingly, the Company is eligible for a preferential EIT rate of 15% for the year ended 31 December 2013 (2012: 25%). The subsidiaries of the Company are subject to standard EIT rate of 25% for the year ended 31 December 2013 (2012: 25%).

(a) Income tax expense in the consolidated statement of comprehensive income represents:

	Note	**2013**	2012
		RMB'000	*RMB'000*
Current tax			
Provision of PRC income tax for the year		**10,925**	12,901
(Over) /under provision in prior years		**(408)**	2,384
		10,517	15,285
Deferred tax	11(d)	**752**	582
		11,269	15,867

(b) Income tax expense for the year can be reconciled to the Group's accounting profit for the year as follows:

	2013	2012
	RMB'000	*RMB'000*
Profit before income tax	**24,913**	28,055
Less: Share of results of joint venture	**(222)**	321
	24,691	28,376
Tax calculated at the statutory EIT rate of 25% (2012: 25%)	**6,173**	7,094
Tax effect of expenses not deductible for taxation purposes	**3,094**	4,233
Tax effect of non-taxable items	**(1,401)**	(4,869)
Utilisation of previously unrecognised tax losses	**—**	(533)
Tax effect of unused tax losses of subsidiaries not recognised	**6,736**	7,558
Reduction of income tax under preferential tax treatment	**(2,925)**	—
(Over)/under provision in prior years	**(408)**	2,384
Income tax expense	**11,269**	15,867

(c) Deferred tax assets of RMB4,980,000 (2012: RMB4,980,000) arose mainly from the deductible temporary difference in relation to impairment losses on available-for-sale financial asset in prior years.

11. INCOME TAX EXPENSE (continued)

(d) Deferred tax liabilities of the Company and Group as at 31 December 2013 arose from the fair value gain of the investment properties. Movements of deferred tax liabilities are set out as follows:

	RMB'000
At 1 January 2012	–
Charge to profit and loss	582
At 31 December 2012	582
Charge to profit and loss (Note 11(a))	752
At 31 December 2013	1,334

At 31 December 2013, the Company's subsidiaries have unused tax losses of RMB1,422,000 (2012: RMB1,358,000) and deductible temporary differences of RMB111,088,000 (2012: RMB84,208,000) available for offset against future profits which will expire within five years since the respective years in which the tax losses were incurred. No deferred tax asset has been recognised in respect of such losses and the deductible temporary differences due to the unpredictability of future profit streams and uncertainty in the utilisation of the benefits of the temporary differences respectively.

12. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to ordinary equity owners of the Company of RMB6,163,000 (2012: RMB8,860,000) and the weighted average number of shares in issue of 830,000,000 (2012: 830,000,000).

The dilutive earnings per share are the same as the basic earnings per share for the years ended 31 December 2013 and 2012 as there were no dilutive potential ordinary shares outstanding during both years.

13. DIVIDENDS

No dividend has been declared or paid by the Company in respect of the year ended 31 December 2013 and 2012.

14. REMUNERATION OF DIRECTORS AND EMPLOYEES

(a) Directors

Details of remuneration paid to the directors of the Company were set out as follows:

	2013			
	Fees *RMB'000*	Salaries and allowances *RMB'000*	Defined contribution retirement benefit scheme *RMB'000*	Total *RMB'000*
Executive directors				
He Chaobing	—	241	39	280
Lu Yin	—	115	21	136
Non-executive directors				
He Lianyi	36	—	—	36
He Pengjun	36	—	—	36
Li Huafei	36	—	—	36
Independent non-executive directors				
Ge Jianya	48	—	—	48
Sun Yingcai	48	—	—	48
Ye Jianmei	48	—	—	48
	252	356	60	668

14. REMUNERATION OF DIRECTORS AND EMPLOYEES (continued)

(a) Directors (continued)

	2012			
	Fees *RMB'000*	Salaries and allowances *RMB'000*	Defined contribution retirement benefit scheme *RMB'000*	Total *RMB'000*
Executive directors				
He Chaobing	—	242	39	281
Yang Jianliang (i)	—	53	—	53
Lu Yin (ii)	—	86	21	107
Non-executive directors				
He Lianyi	36	—	—	36
He Pengjun	36	—	—	36
Li Huafei	36	—	—	36
Independent non-executive directors				
Ge Jianya	48	—	—	48
Sun Yingcai	48	—	—	48
Ye Jianmei	48	—	—	48
	252	381	60	693

(i) Resigned on 7 August 2012

(ii) Appointed on 7 August 2012

There was no arrangement under which a director of the Company waived or agreed to waive any emoluments during the year.

During the year, no emoluments were paid by the Group to the directors of the Company as an inducement to join, or upon joining the Group, or as compensation for loss of office.

14. REMUNERATION OF DIRECTORS AND EMPLOYEES (continued)

(b) Five highest paid individuals

Details of the remuneration paid to the five highest paid individuals during the year included one director (2012: one director) whose remuneration is set out in note (a) above. Details of remuneration of the remaining four (2012: four) highest paid non-director employees whose remuneration were all below RMB1,000,000 for both years ended 31 December 2013 and 2012 and these are as follows:

	2013 ***RMB'000***	2012 *RMB'000*
Salaries and allowances	**1,169**	881
Bonus	**276**	419
Defined contribution retirement benefit scheme	**94**	95
	1,539	1,395

Emoluments of that highest paid individual fell within following bands:

	2013 **No of individuals**	2012 No of individuals
Nil to RMB1,000,000	**4**	4

(c) Member of senior management

Emoluments paid or payable to members of senior management were within the following bands:

	2013 **No of individuals**	2012 No of individuals
Nil to RMB1,000,000	**1**	2

15. INVESTMENT PROPERTIES

The Group and the Company

	2013 RMB'000	2012 RMB'000
At 1 January	**33,227**	32,981
Fair value gain	**5,014**	246
At 31 December	**38,241**	33,227

Investment properties were revalued at 31 December 2013 and 2012 by 江蘇天仁資產評估事務所有限公司, an independent firm of professionally qualified valuers who hold recognised and relevant professional qualification and have recent experience in the location and category of the investment property being valued. The following table analysis the investment properties' valuation method:

Fair value hierarchy

	Fair value measurements at 31 December 2013 using Significant unobservable inputs (Level 3) ***RMB'000***
Description	
Recurring fair value measurements	
Investment properties:	
Commercial buildings in the PRC	2,342
Buildings and quarters in the PRC	35,899
	38,241

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

There was no transfer between Levels 1, 2 and 3 during the year.

15. INVESTMENT PROPERTIES (continued)

Fair value hierarchy (continued)

Fair value of investment properties is level 3 recurring fair value measurements using significant unobservable inputs. A reconciliation of the opening and closing fair value balance is provided below.

	2013		
	Commercial buildings in the PRC *RMB'000*	**Buildings and quarters in the PRC** *RMB'000*	**Total** *RMB'000*
Opening balance	**2,252**	**30,975**	**33,227**
Fair value gain included in other gains and losses (note 8)	**90**	**4,924**	**5,014**
Closing balance	**2,342**	**35,899**	**38,241**

The valuation for commercial buildings in the PRC was determined using market comparison approach. Fair value was based on the prices for recent market transactions in similar properties and adjusted to reflect the conditions and locations of the Group's properties. The most significant input into this valuation approach is price per square meters and taking into account of time of transaction and location.

The valuation for buildings and quarters in the PRC was determined using depreciated replacement cost approach. Fair value of the buildings and quarters is based on estimated new replacement cost of the buildings and other site works from which adjustments are then made to account for age, conditions, and functional obsolescence, while taking into account the site formation cost and those public utilities connection charges to the properties. These adjustments are based on unobservable inputs. Key inputs are estimated cost of construction per square meter and age adjustment on the cost of buildings.

15. INVESTMENT PROPERTIES (continued)

Fair value hierarchy (continued)

Information about fair value measurements using significant unobservable inputs (Level 3) is provided below.

Description	Fair value at 31 December 2013 (RMB'000)	Valuation technique	Significant unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Commercial buildings in the PRC	2,342	Market comparison approach	Price per square meters ("sq.m"), using market direct comparables and taking into account of time of transaction and location.	RMB 13,000/sq.m	Higher the price per sq.m will result in correspondingly higher fair value.

Description	Fair value at 31 December 2013 (RMB'000)	Valuation technique(s)	Significant unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Buildings and quarters in PRC	35,899	Depreciated replacement cost approach	Estimated cost of construction per square meter ("sq.m"), taking into consideration everything which is necessary to complete the construction from a new green field site to provide buildings as they are, at the valuation date, fit for and capable of being occupied and used for the current use.	RMB 3,630/sq.m	Higher the estimated cost of construction per sq.m will result in correspondingly higher fair value
			Age adjustment on the cost of buildings, taking in to account of remaining useful life of buildings.	20% and 22%	Higher the rate of age adjustment on the cost of buildings will result in correspondingly lower fair value.

There were no changes to the valuation techniques during the year.

The fair value measurement is based on the above properties' highest and best use, which does not differ from their actual use.

16. PROPERTY, PLANT AND EQUIPMENT

The Group

	Outdoor advertising displays RMB'000	Buildings RMB'000	Leasehold improvements RMB'000	Production equipment RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
Cost							
As at 1 January 2012	201,915	22,514	4,719	139,976	20,623	9,617	399,364
Additions	28,663	–	10,254	637	1,641	2,960	44,155
Disposals of subsidiaries (Note 31)	(9,822)	–	–	–	(401)	(668)	(10,891)
Disposals	(7,229)	–	(584)	(33,617)	(1,620)	(1,135)	(44,185)
As at 31 December 2012	213,527	22,514	14,389	106,996	20,243	10,774	388,443
Additions	8,315	–	1,371	–	1,445	825	11,956
Disposals	(3,089)	(194)	–	(1,625)	(511)	(1,083)	(6,502)
As at 31 December 2013	**218,753**	**22,320**	**15,760**	**105,371**	**21,177**	**10,516**	**393,897**
Accumulated Depreciation							
As at 1 January 2012	100,695	4,906	3,625	117,478	16,328	5,796	248,828
Charge for the year (Note 10)	17,603	537	1,088	3,161	1,350	1,396	25,135
Disposals of subsidiaries (Note 31)	(6,103)	–	–	–	(322)	(575)	(7,000)
Disposals	(6,181)	–	(584)	(31,227)	(1,508)	(1,046)	(40,546)
As at 31 December 2012	106,014	5,443	4,129	89,412	15,848	5,571	226,417
Charge for the year (Note 10)	19,108	523	500	3,735	1,037	1,423	26,326
Disposals	(2,061)	(18)	–	(1,016)	(470)	(900)	(4,465)
As at 31 December 2013	**123,061**	**5,948**	**4,629**	**92,131**	**16,415**	**6,094**	**248,278**
Carrying amount							
As at 31 December 2013	**95,692**	**16,372**	**11,131**	**13,240**	**4,762**	**4,422**	**145,619**
As at 31 December 2012	107,513	17,071	10,260	17,584	4,395	5,203	162,026

16. PROPERTY, PLANT AND EQUIPMENT (continued)

The Company

	Outdoor advertising displays RMB'000	Buildings RMB'000	Leasehold improvements RMB'000	Production equipments RMB'000	Furniture, fixtures and equipments RMB'000	Motor vehicles RMB'000	Total RMB'000
Cost							
As at 1 January 2012	51,434	20,109	4,681	107,655	15,806	6,299	205,984
Additions	22,357	–	10,253	637	304	2,341	35,892
Disposals	(6,275)	–	(584)	(33,406)	(1,434)	(770)	(42,469)
As at 31 December 2012	67,516	20,109	14,350	74,886	14,676	7,870	199,407
Additions	2,443	–	1,371	–	1,636	628	6,078
Disposals	(2,032)	–	–	(1,626)	(355)	(701)	(4,714)
As at 31 December 2013	**67,927**	**20,109**	**15,721**	**73,260**	**15,957**	**7,797**	**200,771**
Accumulated Depreciation							
As at 1 January 2012	35,180	4,770	3,581	98,692	12,962	3,813	158,998
Charge for the year	3,478	477	1,088	1,072	883	1,049	8,047
Disposals	(5,434)	–	(584)	(31,054)	(1,332)	(718)	(39,122)
As at 31 December 2012	33,224	5,247	4,085	68,710	12,513	4,144	127,923
Charge for the year	5,916	477	500	1,858	662	1,091	10,504
Written back on disposals	(1,520)	–	–	(1,016)	(326)	(556)	(3,418)
As at 31 December 2013	**37,620**	**5,724**	**4,585**	**69,552**	**12,849**	**4,679**	**135,009**
Carrying amount							
As at 31 December 2013	**30,307**	**14,385**	**11,136**	**3,708**	**3,108**	**3,118**	**65,762**
As at 31 December 2012	34,292	14,862	10,265	6,176	2,163	3,726	71,484

(i) Outdoor advertising displays are leased to earn revenue (Notes 6 and 33(b)).

(ii) The Group's and the Company's buildings are located in the PRC.

17. PREPAID LAND LEASE PAYMENTS

	The Group and the Company	
	2013	2012
	RMB'000	*RMB'000*
Cost		
As at 1 January and 31 December	**2,836**	2,836
Accumulated amortisation		
As at 1 January	**606**	550
Charge for the year (Note 10)	**57**	56
As at 31 December	**663**	606
Carrying amount		
As at 31 December	**2,173**	2,230

The Group's and the Company's prepaid land lease payments are held in the PRC under medium term lease.

18. GOODWILL

The Group

Goodwill acquired in business combination is allocated, at acquisition, to the CGUs that are expected to benefit from that business combination. Goodwill as at 31 December 2012 and 2013 arose from the acquisition of three subsidiaries, all of which are engaged in the business of dissemination of outdoor advertisements and were allocated as follows:

	2013	2012
	RMB'000	*RMB'000*
Name of attributable subsidiaries		
Nanjing Millennium Ankang International Media Co., Ltd.("Nanjing Ankang") (南京千禧安康國際傳媒廣告有限公司)	**12,871**	12,871
Beijing Dahe Shuanglong Advertising Co., Ltd. (北京大賀雙龍廣告有限公司)	**1,574**	1,574
Shanghai Dahe Yasi Advertising Co., Ltd. (上海大賀雅思廣告有限公司)	**1,234**	1,234
	15,679	15,679

18. GOODWILL (continued)

The Group (continued)

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the CGUs are determined from value-in-use calculations based on cash flow projections from formally approved budgets covering a five-year period. Cash flow beyond the five-year period are extrapolated using an estimated weighted average growth rate of 1% (2012: 2%), which does not exceed the long-term growth rate for the media business in PRC. The key assumptions for the value-in-use calculations are gross margins, growth rates and discount rates during the year. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. Gross margins and growth rates are based on industry growth forecasts.

Key assumptions used for value-in-use calculation are:

	2013	2012
	%	%
Gross margin	**30 to 47**	28 to 63
Growth rate within five years	**0 to 5**	5 to 7
Pre-tax discount rate	**10 to 12**	11

Gross margin is estimated by the directors of the Company based on the economic environment of the PRC advertising market over the main provinces of PRC such as Beijing, Nanjing and Shanghai.

The recoverable amounts of goodwill relating to the above CGUs determined by value-in-use calculations suggested that there was no impairment loss on goodwill as at 31 December 2013 and 2012.

The directors of the Company believe that any reasonable possible change in the key assumptions on which recoverable amounts is based would not cause the carrying amounts of goodwill to exceed the respective recoverable amounts of the CGUs.

19. OTHER INTANGIBLE ASSETS

	The Group RMB'000	The Company RMB'000
Advertising rights		
Cost:		
At 1 January 2012, 31 December 2012 and 2013	4,540	2,040
Accumulated amortisation:		
At 1 January 2012	2,198	919
Charge for the year (Note 10)	233	108
At 31 December 2012	2,431	1,027
Charge for the year (Note 10)	234	108
At 31 December 2013	2,665	1,135
Carrying amount:		
At 31 December 2013	**1,875**	**905**
At 31 December 2012	**2,109**	**1,013**

Advertising rights are measured initially at cost and amortised on straight-line method over their estimated useful lives of 20 years, less any impairment losses. Amortisation charge for the year is included in "cost of sales" in the consolidated statement of comprehensive income.

20. INVESTMENTS IN SUBSIDIARIES AND AMOUNTS DUE FROM/(TO) SUBSIDIARIES

	The Company	
	2013 **RMB'000**	2012 RMB'000
Unlisted investments, at cost	**52,073**	50,733
Less: impairment loss	**(4,499)**	(4,499)
	47,574	46,234
Amounts due from subsidiaries	**108,969**	122,684
Amounts due to subsidiaries	**(1,700)**	(98)

Amounts due from/(to) subsidiaries are unsecured, interest free and have no fixed terms of repayment.

Amounts due from subsidiaries included a dividend receivable of RMB5,997,000 from subsidiaries.

20. INVESTMENTS IN SUBSIDIARIES AND AMOUNTS DUE FROM/(TO) SUBSIDIARIES (continued)

Particulars and details of the Company's subsidiaries as at 31 December 2013 are as follows:

Name of subsidiaries	Place of incorporation/ establishment	Legal form of entities	Registered capital *(RMB'000)*	Proportion of ownership interest: Group's effective interest	Directly	Indirectly	Principal activities
Beijing Dahe Shuanglong Advertising Co., Ltd. (北京大賀雙龍廣告有限公司)	PRC	Limited liability company	2,500	99.51%	95.1%	4.41%	Dissemination of outdoor advertisement
Nanjing Dahe Colour Printing Co., Ltd. (南京大賀彩色印刷有限公司)	PRC	Limited liability company	20,000	90%	90%	–	Design, printing and production of posters
Nanjing Dahe Media Training Centre (南京大賀傳媒培訓中心)	PRC	Limited liability company	100	100%	100%	–	Provision of training services
Jiangxi Dahe Media Co., Ltd (江西大賀傳媒有限公司)	PRC	Limited liability company	2,000	67%	67%	–	Design, printing and production of posters
Nanjing Millennium Ankang International Media Co., Ltd. (南京千禧安康國際傳媒廣告有限公司)	PRC	Limited liability company	1,000	51%	51%	–	Design, production, and dissemination of advertisement on and franchising of the "Ankang Advertising Board"
Nanjing Ankang Technology Co., Ltd (南京安康科技有限公司)	PRC	Limited liability company	43,000	51%	–	51%	Design, production, and dissemination of advertisement on and franchising of the "Ankang Advertising Board"
Nanjing Ultralon Investment Management Co., Ltd. (南京歐特龍投資管理有限公司)	PRC	Limited liability company	5,000	90%	90%		Investment holding

20. INVESTMENTS IN SUBSIDIARIES AND AMOUNTS DUE FROM/(TO) SUBSIDIARIES (continued)

Name of subsidiaries	Place of incorporation/ establishment	Legal form of entities	Registered capital (RMB'000)	Proportion of ownership interest: Group's effective interest	Directly	Indirectly	Principal activities
Shanghai Dahe Yasi Advertising Co., Ltd. (上海大賀雅思廣告有限公司)	PRC	Limited liability company	500	100%	100%	–	Dissemination of outdoor advertisement
Sichuan Xintianjie Media Technology Development Co., Ltd. (四川新天傑傳媒科技發展有限責任公司)	PRC	Limited liability company	20,000	55%	55%	–	Dissemination of outdoor and media advertisement

Note 1: The English translation of those companies name is for reference only. The official names of these companies are in Chinese.

Nanjing Millennium Ankang International Media Co., Ltd ("Nanjing Millennium Ankang"), a 51% owned subsidiary of the Company, has material non-controlling interest. Non-controlling interest of all other subsidiaries that are not 100% owned by the Group are considered to be immaterial.

20. INVESTMENTS IN SUBSIDIARIES AND AMOUNTS DUE FROM/(TO) SUBSIDIARIES (continued)

Summarised financial information in relation to the non-controlling interest of Nanjing Millennium Ankang before intra-group eliminations, is presented below:

	2013	2012
	RMB'000	*RMB'000*
Revenue	**96,799**	95,683
Profit for the year	**16,494**	7,489
Total comprehensive income	**16,494**	7,489
Profit allocated to non-controlling interest	**8,082**	3,670
Dividends paid to non-controlling interest	**—**	22,393
Cash flows from operating activities	**(4,810)**	14,240
Cash flows from investing activities	**(3,297)**	3,129
Cash flows from financing activities	**10,000**	(17,261)
Net cash inflows	**1,893**	108
Current assets	**75,797**	73,572
Non-current assets	**54,581**	62,912
Current liabilities	**(99,023)**	(121,623)
Net assets	**31,355**	14,861
Accumulated non-controlling interests	**15,364**	7,282

21. INTEREST IN A JOINT VENTURE

The Group has a 34% (2012: 34%) interest in a joint venture, 江蘇新浪互聯信息服務有限公司, a company incorporated and operating in the PRC. 江蘇新浪互聯信息服務有限公司 is principally engaged in design, production, and dissemination of advertisement, which is in line with the Group's strategy to expand the media business.

The contractual arrangement provides the Group with only the rights to net assets of the joint arrangement, with the rights to the assets and obligation for the liabilities of the joint arrangement resting primarily with 江蘇新浪互聯信息服務有限公司. Under HKFRS 11, this joint arrangement is classified as a joint venture and has been included in the consolidated financial statements using equity method.

Name	Place and date of incorporation / establishment	Paid-in Capital *(RMB'000)*	Percentage of ownership interests		Principal Activities
			Directly	Indirectly	
Jiangsu Sina Information Services Ltd.(Note 1) (江苏新浪互联信息服务有限公司)	PRC 16 December 2011	5,000	34%	–	Design, production, and dissemination of advertisement

Note 1: The English translation of that company name is for reference only. The official name of this company is in Chinese.

	2013	2012
	RMB'000	*RMB'000*
Unlisted shares, at cost	**1,700**	1,700
Share of net assets	**(231)**	(453)
	1,469	1,247

21. INTEREST IN A JOINT VENTURE (continued)

Summarised financial information in relation to the joint venture is presented below:

	2013 RMB'000	2012 RMB'000
As at 31 December		
Current assets	**13,804**	8,206
Non-current assets	**677**	802
Current liabilities	**10,160**	(5,340)
Included in the above amounts are:		
Cash and cash equivalents	**14,781**	5,702
Year ended 31 December		
Revenues	**19,292**	6,207
Profit/(loss) and total comprehensive income for the year	**653**	(945)
Included in the above amounts are:		
Depreciation	**73**	70
Interest expense	**94**	20
Income tax expense	**—**	—

Amount due from a joint venture was unsecured, interest free and repayable on demand.

22. INVENTORIES

	The Group		The Company	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Raw materials	**3,643**	5,233	**1,684**	2,337
Work in progress	**39**	45	**—**	—
Finished goods	**20,615**	3,004	**20,615**	2,356
	24,297	8,282	**22,299**	4,693

23. TRADE AND NOTE RECEIVABLES

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Trade receivables	**351,140**	292,522	**200,174**	164,656
Allowance for bad and doubtful debts	**(114,658)**	(80,871)	**(84,933)**	(51,743)
	236,482	211,651	**115,241**	112,913
Note receivables	**100**	402	**100**	302
	236,582	212,053	**115,341**	113,215

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

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Within 1 month	**37,407**	37,542	**20,115**	16,710
Between 2 to 3 months	**40,677**	42,705	**19,385**	21,041
Between 4 to 6 months	**52,793**	32,041	**24,919**	13,655
Between 7 to 12 months	**59,464**	36,251	**25,958**	17,821
Between 1 to 2 years	**36,288**	46,348	**24,964**	32,412
Between 2 to 3 years	**9,953**	17,166	**—**	11,576
	236,582	212,053	**115,341**	113,215

(b) The Group has made full allowance for doubtful debts for all receivables that are past due beyond 3 years based on historical experience which shows that these receivables are generally not recoverable. Allowance on trade receivables between two to three years and one to two years are made based on estimated irrecoverable amounts by reference to past default experience and objective evidence of impairment determined by the difference between the carrying amount and the present value of the estimated future cash flow discounted at the original effective interest rate. In determining the recoverability of trade receivables, the Group monitors any change in the credit quality of trade receivables since the credit was granted and up to the end of reporting period. The directors of the Company consider that the Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

23. TRADE AND NOTE RECEIVABLES (continued)

(c) Movements in allowance for doubtful debts during the year, including both specific and collective loss components, are as follows:

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
At 1 January	**80,871**	54,567	**51,743**	36,022
Write off	**(1,297)**	(964)	**(1,112)**	(738)
Impairment loss recognised (Note 10)	**35,084**	27,519	**34,302**	16,459
Disposals of subsidiaries	**—**	(251)	**—**	—
At 31 December	**114,658**	80,871	**84,933**	51,743

The Group's and the Company's trade receivables of RMB114,658,000 and RMB84,933,000 (2012: RMB80,871,000 and RMB51,743,000) respectively were individually determined to be impaired. The individually impaired trade receivables related to customers that were in financial difficulties or had a prolonged delay in settlement, and management assessed that only a portion of the receivables is expected to be recovered. Consequently, accumulated allowances for doubtful debts of RMB114,658,000 and RMB84,933,000 (2012: RMB80,871,000 and RMB51,743,000) are made for the Group and the Company respectively as at 31 December 2013. The Group and the Company do not hold any collateral over these balances.

(d) Trade receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

(e) Trade receivables that were past due but not impaired are as follows:

	The Group	
	2013	2012
	RMB'000	*RMB'000*
Neither past due nor impaired	**77,984**	79,895
Less than 3 months	**52,793**	32,041
Between 4 to 6 months	**29,732**	18,075
Between 7 to 12 months	**38,804**	29,712
Between 1 to 2 years	**29,704**	39,053
Between 2 to 3 years	**7,465**	12,875
	236,482	211,651

Based on past experience, the directors of the Company believes that no impairment allowance is necessary in respect of these balances as there have not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

24. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Other receivables	**7,589**	8,762	**5,283**	5,119
Allowance for bad and doubtful debts	**(2,458)**	(1,187)	**(1,902)**	(934)
	5,131	7,575	**3,381**	4,185
Deposits	**25,596**	9,372	**16,219**	790
Prepayments	**41,753**	47,391	**21,126**	23,808
	72,480	64,338	**40,726**	28,783

Prepayments represent prepaid rental expenses in relation to the renting of places to build the outdoor advertising displays.

Deposits mainly are deposits paid in advance for the purchases of (i) artwork and (ii) paper involved in the media production segment in light of the expected increase in selling price of paper.

The Group made full allowance for doubtful debts for other receivables that are past due beyond 3 years based on historical experience which shows that these receivables are generally not recoverable. In determining the recoverability of other receivables, the Group monitors any change in the credit quality of other receivables since the credit was granted and up to the end of reporting period. The directors of the Company considered that the Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

The carrying amounts of the remaining other receivables that were neither past due nor impaired relate to other debtors for whom there was no recent history of default.

As at 31 December 2013, the Group and the Company did not have any prepayments expected to be utilised after one year.

25. BANK BALANCES AND CASH AND PLEDGED BANK DEPOSITS

As at 31 December 2013, bank deposit of RMB50,000,000 (2012: RMB10,000,000) included in bank balances and cash of the Group and the Company has been pledged to a bank as a security of note payables (Note 27).

26. TRADE PAYABLES AND OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUALS

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Trade payables	**51,997**	57,061	**26,216**	28,237
Other payables and accruals	**9,912**	8,936	**5,862**	5,488
Deposits received	**7,205**	4,019	**6,669**	3,480
	17,117	12,955	**12,531**	8,968
	69,114	70,016	**38,747**	37,205

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

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Within 1 month	**13,711**	10,922	**8,418**	5,517
Between 2 to 3 months	**12,496**	10,519	**2,982**	6,757
Between 4 to 6 months	**4,217**	7,134	**2,075**	3,040
Between 7 to 12 months	**5,186**	15,175	**1,362**	1,427
Between 1 to 2 years	**7,833**	6,850	**4,314**	6,323
Over 2 years	**8,554**	6,461	**7,065**	5,173
	51,997	57,061	**26,216**	28,237

27. BANK BORROWINGS

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Bank loans, unsecured	**252,920**	200,000	**235,000**	195,000
Note payables	**60,020**	20,000	**60,000**	20,000
	312,940	220,000	**295,000**	215,000

All bank borrowings and note payables as at 31 December 2013 and 2012 were repayable on demand or due within one year. Accordingly, all balance are classified as current liabilities as at 31 December 2013 and 2012.

All bank borrowings and note payables are denominated in RMB.

Included in the Group's bank loans, bank loans of RMB200,000,000 (2012: RMB75,000,000) were arranged at fixed interest rate, with weighted average effective interest rate of 6.60% (2012: 7.21%). The remaining bank loans of RMB52,920,000 (2012: RMB125,000,000) were arranged at floating interest rate, with weighted average effective interest rate of 6.07% (2012: 7.27%).

Included in the Company's bank loans, bank loans of RMB185,000,000 (2012: RMB75,000,000) were arranged at fixed interest rate, with weighted average effective interest rate of 6.60% (2012: 7.21%). The remaining bank loans of RMB50,000,000 (2012: RMB120,000,000) were arranged at floating interest rate, with weighted average effective interest rate of 6.00% (2012: 7.26%).

As at 31 December 2013, the Group's bank loans of RMB252,920,000 (2012: RMB200,000,000) and the Company's bank loans of RMB235,000,000 (2012: RMB195,000,000) are (1) corporate guarantees from the holding company and a fellow subsidiary, and (2) guaranteed by Mr. He Chaobing, a shareholder and director of the Company, and his wife (Note 32(f)).

Note payables outstanding as at 31 December 2013 were issued with terms of 6 months and are secured by charges over the Group's bank deposits of RMB50,000,000 (Note 25).

28. SHARE CAPITAL

	Number of shares *'000*	Amount *RMB'000*
Registered, issued and fully paid:		
Total domestic shares and H shares of RMB0.1 each at 31 December 2012 and 2013	830,000	83,000

Domestic shares and H shares are both ordinary shares in the share capital of the Company. However, H shares may only be subscribed for by, and traded in Hong Kong dollars between legal or natural persons of Hong Kong, Macau, Taiwan or any country other than the PRC. Domestic shares, on the other hand, may only be subscribed for by, and traded between legal or natural persons of the PRC (other than Hong Kong, Macau and Taiwan) and must be subscribed for and traded in RMB. All dividends in respect of H shares are to be paid by the Company in Hong Kong dollars whereas all dividends in respect of domestic shares are to be paid by the Company in RMB. Other than the above, all domestic shares and H shares rank pari passu with each other in all respects and rank equally for all dividends or distributions declared, paid or made.

During the year ended 31 December 2013, the shareholders have granted the General Mandate subject to the limit of up to 20% of the aggregate nominal amount of each of the capital of the H Shares and/or Domestic Shares of the Company in issue as at the date of passing of the resolution by Shareholders at the annual general meeting held on 26 June 2013 (i.e. 116,000,000 Domestic Shares and 50,000,000 H Shares in number). The General Mandate will be valid for the period from the passing of the resolution until whichever is the earliest of:

(i) the conclusion of 2013 annual general meeting of the Company; or

(ii) the expiration of the 12-month period following the passing of the resolution (i.e. 26 June 2013); or

(iii) the revocation or variation of the resolution by an ordinary resolution of the shareholders of the Company in general meeting.

29. RESERVES

	Share premium and capital reserve *RMB'000* *(note (i))*	Statutory surplus reserve *RMB'000* *(note (ii))*	Retained profits *RMB'000*	Total *RMB'000*
The Company				
As at 1 January 2012	97,252	21,087	99,317	217,656
Profit and total comprehensive income for the year	—	—	24,794	24,794
Appropriations to statutory reserves	—	1,536	(1,536)	—
As at 31 December 2012	97,252	22,623	122,575	242,450
Loss and total comprehensive income for the year	—	—	(640)	(640)
Appropriations to statutory reserves	—	529	(529)	—
As at 31 December 2013	97,252	23,152	121,406	241,810

Notes:

(i) Share Premium and capital reserve

The balance included (1) share premium of RMB95,745,000 that represents the premium arising from the issue of shares at a price in excess of par value per share; and (2) revaluation gain of RMB1,507,000 arose upon transfer of owner-occupied properties to investment properties in previous years.

(ii) Statutory surplus reserve

In accordance with the relevant PRC regulations and the articles of association of the Company and its subsidiaries, the Company and its subsidiaries shall appropriate 10% of their respective annual statutory net profits (after offsetting any prior years' losses) to the statutory surplus reserve account. When the balance of such reserve reaches 50% of the respective share capital of the Company and its subsidiaries, any further appropriations are optional. The statutory surplus reserve can be utilised to offset prior years' losses or to issue bonus shares or registered capital, where appropriate. However, such statutory surplus reserve must be maintained at a minimum of 25% of respective share capital or registered capital of the Company and its subsidiaries, where appropriate, after such issuance.

30. AVAILABLE-FOR-SALE FINANCIAL ASSETS AND AMOUNT DUE FROM A FORMER SUBSIDIARY

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Available-for-sale financial assets				
Unlisted equity investments, at cost				
Chongqing Dahe Basu Media Co., Ltd. (i)	**19,922**	19,922	**20,394**	20,394
Hangzhou Ultralon Advertising Co., Ltd. (ii)	**52**	52	**—**	—
	19,974	19,974	**20,394**	20,394
Less: impairment loss	**(19,922)**	(19,922)	**(20,394)**	(20,394)
	52	52	**—**	—
Amount due from a former subsidiary				
Amount due from a former subsidiary	**892**	892	**132**	132

Notes:

(i) Chongqing Dahe Basu Media Co., Ltd. ("Dahe Basu"), a former 60%-owned subsidiary of the Company up to 14 May 2007, applied liquidation to a PRC court as a result of the dispute between the Company and the 40% equity owner of Dahe Basu (the "Minority Owner") in the operations of Dahe Basu. Pursuant to a PRC court order dated 15 May 2007, a liquidation team (comprising representatives of the Company, non-controlling interest and a PRC liquidator) was appointed to report the results of liquidation of Dahe Basu to the PRC court and is authorised by the PRC court to, among others, retain all books and records of Dahe Basu, prepare its financial statements, and manage and realise the assets of Dahe Basu for liquidation purpose. Accordingly, the Group de-consolidated Dahe Basu since 1 January 2007, and accounted for the Group's and the Company's equity interest in Dahe Basu as available-for-sale financial asset and had recorded the amount due from Dahe Basu as amount due from a former subsidiary pursuant to the above non-consolidation of Dahe Basu.

As at 31 December 2013 and as of the date of this report, the liquidation of Dahe Basu is still in progress. The Group's and the Company's amount due from Dahe Basu is unsecured, interest free and has no fixed terms of repayment.

(ii) Unlisted equity investments in Hangzhou Ultralon Advertising Co., Ltd. ("Hangzhou Ultralon") represents the remaining 9% equity interest measured at fair value as at the date of disposal after the completion of disposal of the 90% equity interest in Hangzhou Ultralon in 2010.

The above unlisted equity investments are measured at cost less impairment at the end of the reporting period because the directors of the Company are of the opinion that their fair values cannot be measured reliably.

31. DISPOSALS OF SUBSIDIARIES

In December 2012, the Group dispose of its 67% equity interest in Hebei Dahe Media Co., Ltd ("Hebei Dahe") to an independent third party for a consideration of RMB1,900,000. Hebei Dahe owned entire equity interest in 北京大賀啟航國際廣告有限公司 ("大賀啟航") at the date of disposal. Hebei Dahe and 大賀啟航 are engaged in dissemination of outdoor advertisement. The disposal was completed on 5 December 2012, the date on which the control of Hebei Dahe and 大賀啟航 was passed to the acquirer. Net assets of the subsidiaries at the date of disposals were as follows:

	2012
	RMB'000
Property, plant and equipment	3,891
Trade receivables	90
Other receivables	2,085
Cash and cash equivalents	36
Trade payables	(506)
Other payables	(3,891)
Non-controlling interests	(562)
	1,143
Gain on disposal of subsidiaries	757
Total consideration	1,900
Satisfied by:	
Cash	1,900
Net cash inflow arising on disposals:	
Cash consideration	1,900
Cash and bank balances disposed of	(36)
	1,864

32. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

During the year, for the purpose of this report, the directors are of the view that the following companies are related parties of the Group:

Name of related parties	Relationship
大賀投資控股集團有限公司(“Dahe Investment”)	Holding company of the Company
江蘇新浪互聯信息服務有限公司(“Jiangsu Sina”)	A joint venture of the Company
上海大喜標識有限公司	A related company of the Company
江蘇大賀會支付商務服務有限公司 (previously known as 南京會購信息科技有限公司)	A fellow subsidiary of the Company under Dahe International
南京威漢廣告傳播有限公司	A related company of the Company
Hangzhou Ultralon	A related company of the Company
南京大賀威力廣告有限公司	A related company of the Company
南京大賀裝飾工程有限公司(“Dahe Decoration”)	A fellow subsidiary of the Company under Dahe International
南京會購傳媒有限公司	A fellow subsidiary of the Company under Dahe International
江蘇微三點零信息科技有限公司	A fellow subsidiary of the Company under Dahe International
南京大賀廣告裝飾工程有限公司	A fellow subsidiary of the Company under Dahe International
南京會購拍賣有限公司	A fellow subsidiary of the Company under Dahe International

Note 1: The English translation of those companies name is for reference only. The official names of these companies are in Chinese.

32. RELATED PARTY TRANSACTIONS (continued)

(a) Saved as disclosed in other notes to the financial statements, during the year and in the ordinary course of business, the Group had the following material transactions with related parties which are not members of the Group:

	Notes	2013 RMB'000	2012 RMB'000
Holding company			
Guarantee fee received*	(i)	**1,900**	1,600
Fellow subsidiaries			
Sales*	(ii)	**7,056**	14,126
Rental income received	(iii)	**240**	240
Construction of advertising displays paid*	(iv)	**3,263**	4,761
Related companies			
Sales*	(ii)	**19**	16
Purchase	(v)	**1,634**	—

* These transactions are continuing connected transactions, in respect of which the Company has complied with the requirements in accordance with Chapter 20 of the GEM Listing Rules.

Notes:

(i) Guarantee fee was received from the holding company in respect of the issuance of financial guarantee for the holding company's borrowing, which is based on 4% of the guaranteed amount.

(ii) Sales were made to fellow subsidiaries and related companies in respect of dissemination of outdoor advertisement and posters production services provided at market prices.

(iii) Rental income of investment properties was received from a fellow subsidiary in accordance with the rental agreement at an annual rental of RMB240,000 (2012: RMB240,000).

(iv) The Group entered into a master engineering and construction agreement with a fellow subsidiary whereby the Group has agreed to engage the fellow subsidiary to construct and install poles, frames or other outdoor advertisement fixtures for a period from 1 July 2012 to 31 December 2014. The service fees payable by the Group are mutually agreed between the Company and the fellow subsidiary, provided that the service fees charged by the fellow subsidiary are not less favourable than the amount that the fellow subsidiary would charge other independent customers.

(v) Purchases were made to related companies in respect of dissemination of outdoor advertisement and posters production services provided at market price.

(b) The remuneration of directors and other members of key management during the year were as follows:

	2013 RMB'000	2012 RMB'000
Short term benefits	2,207	2,088

32. RELATED PARTY TRANSACTIONS (continued)

(c) Balances with holding company during the year are as follows:

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Amounts due from holding company	**8,548**	5,763	**6,005**	3,320

Amounts due from holding company are unsecured, interest free and repayable on demand.

No guarantee has been given or received in respect of the amounts with holding company during the year ended 31 December 2013 and 2012.

(d) Balances with a fellow subsidiary during the year are as follows:

		The Group		The Company	
	Notes	**2013**	2012	**2013**	2012
		RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Deposit paid	(i)	**34,898**	33,977	**34,898**	33,977
Less: impairment loss		**(2,000)**	(2,000)	**(2,000)**	(2,000)
		32,898	31,977	**32,898**	31,977
Amounts due to fellow subsidiaries	(ii)	**(3,865)**	(1,208)	**(1,131)**	(545)
Amounts due from fellow subsidiaries	(ii)	**6,458**	—	**6,142**	—
		35,491	30,769	**37,909**	31,432

(i) Deposit paid to a fellow subsidiary represents deposits paid to Nanjing Dahe Decoration Co., Ltd, for the construction of outdoor advertising displays. Deposit of RMB20 million was refunded after the end of reporting period.

(ii) Amounts due from/(to) fellow subsidiaries are unsecured, interest free and repayable on demand.

(e) Amounts due from/(to) related companies are unsecured, interest free and repayable on demand. The carrying amount of the amounts due from related companies represents the respective maximum amounts outstanding during 2013 and 2012.

32. RELATED PARTY TRANSACTIONS (continued)

(f) As at 31 December 2013, the Group's bank loans of RMB252,920,000 (2012: RMB200,000,000) and the Company's bank loans of RMB200,000,000 (2012: RMB195,000,000) were (1) corporate guarantees from the holding company and a fellow subsidiary, and (2) guaranteed by Mr. He Chaobing, a shareholder and director of the Company and his wife (Note 27). The Group has not recognised any deferred expenses in respect of the guarantee by Mr. He Chaobing and his wife and corporate guarantee from the holding company as its fair value cannot be reliably measured and its transaction price is nil.

(g) As at 31 December 2013, bank borrowings of RMB45,000,000 of holding company was guaranteed by the Group and the Company (2012: RMB50,000,000).

33. OPERATING LEASE ARRANGEMENTS

(a) The Group as a lessee

	2013		2012	
	Land and buildings	**Outdoor Advertising displays**	Land and buildings	Outdoor Advertising displays
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Rental expenses under operating leases recognised as expense in the year (included in cost of service - Note 10)	**6,382**	**106,511**	5,604	133,295

At the end of reporting period, the Group had outstanding minimum commitments under non-cancellable operating leases, which would fall due as follows:

	2013		2012	
	Land and buildings	**Outdoor advertising displays**	Land and buildings	Outdoor advertising displays
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Within one year	**3,923**	**34,749**	3,908	20,088
In the second to fifth years inclusive	**5,927**	**42,556**	6,039	38,604
After five years	**1,000**	**28,707**	1,480	36,662
	10,850	**106,012**	11,427	95,354

33. OPERATING LEASE ARRANGEMENTS (continued)

(a) The Group as a lessee (continued)

Operating lease payments represent rentals payable by the Group on certain of its leased properties and annual fees payable on contracts in respect of the granting of advertising rights and related outdoor advertising displays rentals. The leases for properties are negotiated for terms from one to thirteen years at fixed rentals, and advertising right contracts and related advertising displays rentals are negotiated for terms from one to twenty years at fixed rentals. None of the leases includes contingent rentals.

(b) The Group as a lessor

	2013		2012	
	Investment properties	**Outdoor advertising displays**	Investment properties	Outdoor advertising displays
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Rental income under operating leases (Notes 6 & 8)	**1,420**	**257,623**	1,330	299,223

At the end of reporting period, the Group had outstanding minimum lease receivables under non-cancellable operating lease receivables as follows:

	2013		2012	
	Investment properties	**Outdoor advertising displays**	Investment properties	Outdoor advertising displays
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Within one year	**1,790**	**65,374**	1,790	68,377
In the second to fifth years inclusive	**6,200**	**10,730**	6,440	8,831
After five years	**4,198**	**7**	5,748	4
	12,188	**76,111**	13,978	77,212

The minimum lease receivables on investment properties represented rental receivables by the Group on leasing of part of its investment properties to a fellow subsidiary as disclosed in Note 32(a)(iii) to the financial statements and annual fees receivable on contracts to lease outdoor advertising displays for dissemination of outdoor advertising displays and media advertisement. The lease for the investment properties was negotiated for a term of ten years at fixed rentals. Advertising right contracts are negotiated for terms from one to six years at fixed rentals. None of these contacts include contingent rentals.

34. CAPITAL COMMITMENTS

As at 31 December 2013, the Group had capital commitment of RMB24,492,000 (2012: RMB27,548,000) contracted for but not provided for in respect of construction of outdoor advertising displays from a fellow subsidiary, Nanjing Dahe Decoration Co., Ltd..

35. FINANCIAL GUARANTEE LIABILITIES

At 31 December 2013, the Group and the Company has outstanding guarantee of RMB45,000,000 (2012: RMB50,000,000) provided to the holding company for its bank borrowings (Note 32(g)). The Company also has outstanding guarantee of RMB10,000,000 provided to a subsidiary of the Company for its bank loans as at 31 December 2013 (2012: Nil).

As at the end of reporting period, the directors do not consider it probable that a claim will be made against the Group and the Company under these guarantees. The maximum liability of the Group and the Company at the end of reporting period under these guarantees are the amount of the facilities drawn down by the holding company that are covered by these guarantees, being RMB45 million.

The Group has recognised guaranteed fee income in respect of the issuance of financial guarantee for the holding company (Note 32(a)(i)).

36. DEFINED CONTRIBUTION RETIREMENT BENEFIT SCHEME

The employees of the Group are members of a defined contribution retirement benefit scheme operated by a local Municipal Government of the PRC. The Group and the employees are each required to make contributions to the retirement benefit scheme at the rates based on certain percentages of the employees' basic salaries in accordance with the relevant regulations in the PRC, which range from 24% to 37% (2012: 25% to 37%) and are charged to profit or loss as incurred. The only obligation of the Group with respect to the retirement benefits scheme is to make the required contributions under the scheme. No forfeited contribution is available to reduce the contribution payable in future years.

37. CAPITAL RISK MANAGEMENT

The Group's objective of managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The capital structure of the Group consists of debts, which includes the bank borrowings disclosed in Note 27, bank balances and cash and pledged bank deposits in Note 25 and total equity.

The Group's risk management reviews the capital structure on a semi-annual basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. During the year, the Group's strategy, was to maintain the net debt-to-adjusted capital ratio at the lower end of the range from 25% to 35% (2012: 20% to 30%). In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

37. CAPITAL RISK MANAGEMENT

The gearing ratio at the end of reporting period was as follows:

		The Group	
	Notes	**2013**	2012
		RMB'000	*RMB'000*
Bank borrowings	27	**312,940**	220,000
Bank balances and cash and pledged bank deposits	25	**(198,559)**	(124,145)
Net debt		**114,381**	95,855
Total equity		**368,459**	354,965
Net debt to equity ratio		**31%**	27%

38. FINANCIAL RISK MANAGEMENT

The main risks arising from the Group's financial instruments in the normal course of the Group's business are credit risk, liquidity risk, interest rate risk and currency risk.

These risks are limited by the Group's financial management policies and practices described below.

(a) Credit risk

The Group's credit risk is primarily attributable to its trade and note receivables, other receivables and the financial guarantees provided by the Group. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of trade and note receivables and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customers' past history of making payments when due and current ability to pay, and take into account information specific to the customers as well as pertaining to the economic environment in which the customers operate. Ongoing credit evaluation is performed on the financial condition of trade receivables. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is mainly influenced by the individual characteristics of each customer. The default risk of the industry in which customers operate also has an influence on credit risk but to a lesser extent. At the end of reporting period, the Group has certain concentration of credit risk as 21% (2012: 19%) and 41% (2012: 39%) of the total trade and note receivables and other receivables was due from the Group's largest customer and the five largest customers respectively.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and note receivables and other receivables are set out in Note 23 and 24 to the financial statements.

38. FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk (continued)

Maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position after deducting any impairment allowance. Except for the financial guarantees given by the Group and the Company as set out in Note 35, the Group does not provide any other guarantees which would expose the Group or the Company to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the end of reporting period is disclosed in Note 35 to the financial statements.

(b) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following table details the remaining contractual maturities at the end of reporting period of the Group's and the Company's non-derivative financial liabilities which are based on contractual undiscounted cash flows and the earliest date the Group and the Company can be required to pay:

The Group	**Carrying amount** *RMB'000*	**Total contractual undiscounted cash flow** *RMB'000*	**Within 1 year or on demand** *RMB'000*
2013			
Trade payables	51,997	51,997	51,997
Other payables and accruals	9,912	9,912	9,912
Bank borrowings	312,940	319,198	319,198
Amounts due to related companies	153	153	153
Amounts due to fellow subsidiaries	3,865	3,865	3,865
	378,867	385,125	385,125
Financial guarantees issued			
Maximum amount guaranteed	—	45,000	45,000

38. FINANCIAL RISK MANAGEMENT (continued)

(b) Liquidity risk (continued)

The Group	Carrying amount RMB'000	Total contractual undiscounted cash flow RMB'000	Within 1 year or on demand RMB'000
2012			
Trade payables	57,061	57,061	57,061
Other payables and accruals	8,936	8,936	8,936
Bank borrowings	220,000	225,697	225,697
Amounts due to related companies	115	115	115
Amounts due to a fellow subsidiary	1,208	1,208	1,208
	287,320	293,017	293,017
Financial guarantees issued			
Maximum amount guaranteed	—	50,000	50,000

The Company	Carrying amount RMB'000	Total contractual undiscounted cash flow RMB'000	Within 1 year or on demand RMB'000
2013			
Trade payables	**26,216**	**26,216**	**26,216**
Other payables and deposits received	**5,862**	**5,862**	**5,862**
Bank borrowings	**295,000**	**300,715**	**300,715**
Amount due to subsidiaries	**1,700**	**1,700**	**1,700**
Amount due to related companies	**153**	**153**	**153**
Amount due to a fellow subsidiary	**1,131**	**1,131**	**1,131**
	330,062	**335,777**	**335,777**
Financial guarantees issued			
Maximum amount guaranteed	**—**	**55,000**	**55,000**

38. FINANCIAL RISK MANAGEMENT (continued)

(b) Liquidity risk (continued)

The Company	Carrying amount *RMB'000*	Total contractual undiscounted cash flow *RMB'000*	Within 1 year or on demand *RMB'000*
2012			
Trade payables	28,237	28,237	28,237
Other payables and deposits received	5,488	5,488	5,488
Bank borrowings	215,000	220,499	220,499
Amount due to subsidiaries	98	98	98
Amount due to related companies	115	115	115
Amount due to a fellow subsidiary	545	545	545
	249,483	254,982	254,982
Financial guarantees issued			
Maximum amount guaranteed	–	50,000	50,000

(c) Interest rate risk

The Group is exposed to interest rate risk due to changes in interest rates of interest-bearing financial assets and liabilities. Interest-bearing financial assets are mainly bank deposits, which are mostly short-term in nature whereas interest-bearing financial liabilities are primarily bank borrowings. As at 31 December 2013, the Group's fair value interest-rate risk mainly arises from bank borrowings as disclosed in Note 27 to the financial statements. Bank borrowings which were issued at fixed rates expose the Group to fair value interest-rate risk. The Group is also exposed to cash flow interest rate risk in relation to floating-rate bank borrowings. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation on the rate determined by the People's Bank of China arising from the Group's RMB denominated bank borrowings.

38. FINANCIAL RISK MANAGEMENT (continued)

(c) Interest rate risk (continued)

The Group has not used any financial instruments to hedge potential fluctuations in interest rates. However, management monitors interest rate change exposure and will consider hedging significant interest rate change exposure should the need arise.

Sensitivity analysis

At 31 December 2013, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would decrease/increase the Group's after-tax profit for the year and retained profits by approximately RMB223,000 (2012: RMB529,000).

The sensitivity analysis above has been determined based on the exposure to interest rates for bank borrowings at the end of reporting period arranged at floating market interest rate. The analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting date.

(d) Currency risk

The Group mainly operates in the PRC with most of the transactions settled in RMB and does not have significant exposure to risk resulting from changes in foreign currency exchange rates.

(e) Price risk

The Group is not exposed to any equity price risk or commodity price risk. The directors of the Company manage this exposure by forming a team to closely monitor the price fluctuation and will consider hedging the risk exposure should the need arise.

39. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The carrying amounts of the Group's and the Company's financial assets and financial liabilities recognised at the end of reporting period may be categorised as follows:

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Financial assets:				
Loans and receivables (including bank balances and cash and pledged bank deposits)	**456,343**	367,525	**425,157**	372,695
Available-for-sale financial assets	**52**	52	**—**	—
	456,395	367,577	**425,157**	372,695
Financial liabilities:				
Financial liabilities measured at amortised cost	**378,867**	287,320	**330,062**	249,483

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities in the consolidated financial statements approximate their fair values, except for the amounts due from subsidiaries which are unsecured, non-interest bearing and have no fixed repayment terms and available-for-sale financial assets which are stated at cost less impairment at the end of reporting period. Given these terms it is not meaningful to disclose their fair values.

40. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 26 March 2014.

The following is a summary of the consolidated results and of the assets and liabilities of the Group, prepared on the basis set out in Note 1 below:

RESULTS

	Year ended 31st December,				
	2013	2012	2011	2010	2009
	RMB	RMB	RMB	RMB	RMB
	'000	'000	*'000*	*'000*	*'000*
Turnover	**428,954**	454,801	429,741	413,225	357,755
Cost of sales	**(271,417)**	(294,322)	(281,959)	(284,208)	(246,669)
Gross profit	**157,537**	160,479	147,782	129,017	111,086
Other revenue and net gains and losses	**12,235**	3,748	2,580	6,576	10,288
Distribution costs	**(40,283)**	(39,012)	(40,560)	(38,168)	(42,446)
Administrative expenses	**(83,671)**	(77,460)	(61,808)	(54,337)	(47,395)
Share of results of a jointly venture	**222**	(321)	(132)	–	–
Finance costs	**(21,127)**	(19,379)	(18,680)	(11,995)	(12,588)
Profit before income tax	**24,913**	28,055	29,182	31,093	18,945
Income tax expense	**(11,269)**	(15,867)	(8,134)	(8,389)	(6,910)
Profit for the year	**13,644**	12,188	21,048	22,704	12,035
Attributable to:					
Owners of the Company	**6,163**	8,860	13,561	15,828	7,947
Non-controlling interests	**7,481**	3,328	7,487	6,876	4,088
	13,644	12,188	21,048	22,704	12,035

ASSETS AND LIABILITIES

	31st December,				
	2013	2012	2011	2010	2009
	RMB	RMB	RMB	RMB	RMB
	'000	'000	*'000*	*'000*	*'000*
Non-current assets	**210,088**	253,527	260,622	262,698	268,732
Current assets	**580,887**	432,570	488,966	353,737	346,582
Current liabilities	**(421,182)**	(330,550)	(383,857)	(271,894)	(289,470)
Net current assets	**159,705**	102,020	105,109	81,843	57,112
Non-current liabilities	**(1,334)**	(582)	–	–	(4,000)
Net assets	**368,459**	354,965	365,731	344,541	321,844

Note:

1. The consolidated financial information as at 31 December, 2011, 2010 and 2009 are extracted from the Company's published annual reports. The consolidated financial information of the Group as at 31 December, 2013 and 2012 are as set out on pages 45 to 47 of the annual report.