



# 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 )



# 2014

## Third Quarterly Report

\*For Identification Purposes only

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

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

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

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*This report, for which the directors of Dahe Media Co., Ltd. collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) for the purpose of giving information with regard to Dahe Media Co., Ltd.. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects, not misleading or deceptive, and there are no other matters the omission of which would make this report or any statement therein misleading.*



## HIGHLIGHTS

- For the nine months ended 30 September 2014, the Group achieved a turnover of approximately RMB268,198,000, representing an decrease of approximately 6% over the same period of 2013.
- Gross turnover for the nine months ended 30 September 2014 of the Group was mainly attributed from media dissemination, terminal dissemination service, media production and art trading businesses, representing approximately 57.62% (2013: 60.94%), 29.37% (2013: 25.14%), 12.76% (2013: 13.92%) and 0.25% (2013: nil) respectively of the gross turnover.
- For the nine months ended 30 September 2014, profit attributable to the equity holders of the Group was approximately RMB10,485,000, representing an increase of approximately 2% over the same period of 2013.
- Earnings per share were approximately RMB1.26 cent (2013: RMB1.24 cent).
- The Board does not recommend the payment of a quarterly dividend for the nine months ended 30 September 2014 (2013: nil).



## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

The Board of Directors (“Directors”) of Dahe Media Co., Ltd. (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (together the “Group”) for the nine months and three months ended 30 September 2014, together with the comparative figures for the corresponding periods in 2013 as follows:

	Notes	Unaudited For the nine months ended 30 September		Unaudited For the three months ended 30 September	
		2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Turnover	3	<b>268,198</b>	285,673	<b>88,021</b>	92,097
Cost of sales		<u>(174,214)</u>	<u>(185,945)</u>	<u>(57,450)</u>	<u>(62,358)</u>
Gross profit		<b>93,984</b>	99,728	<b>30,571</b>	29,739
Other revenue and net gain		<b>1,202</b>	1,988	<b>1,067</b>	758
Distribution costs		<b>(29,730)</b>	(29,157)	<b>(9,224)</b>	(9,797)
Administrative expenses		<b>(33,806)</b>	(40,335)	<b>(14,026)</b>	(10,775)
Finance costs		<b>(13,561)</b>	(14,618)	<b>(3,732)</b>	(4,978)
Profit before taxation	5	<b>18,089</b>	17,606	<b>4,656</b>	4,947
Income tax	6	<b>(2,971)</b>	(2,845)	<b>(615)</b>	(521)
Profit and total comprehensive income for the period		<b><u>15,118</u></b>	<u>14,761</u>	<b><u>4,041</u></b>	<u>4,426</u>
Profit and other comprehensive income attributable to:					
Owners of the Company		<b>10,485</b>	10,283	<b>2,480</b>	2,742
Non-controlling interests		<b><u>4,633</u></b>	<u>4,478</u>	<b><u>1,561</u></b>	<u>1,684</u>
		<b><u>15,118</u></b>	<u>14,761</u>	<b><u>4,041</u></b>	<u>4,426</u>
Earnings per share					
– Basic and diluted (RMB)	7	<b><u>1.26 cent</u></b>	<u>1.24 cent</u>	<b><u>0.30 cent</u></b>	<u>0.33 cent</u>



## **NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS:**

### **1. BASIS OF PREPARATION**

These unaudited quarterly results of the Group for the nine months ended 30 September 2014 have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which also include Hong Kong Accounting standards (“HKASs”) and interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the disclosure requirements of Chapter 18 of the GEM Listing Rules.

### **2. PRINCIPAL ACCOUNTING POLICIES**

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

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



### 3. TURNOVER

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

#### Turnover by segments

	Unaudited For the nine months ended 30 September		Unaudited For the three months ended 30 September	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Income from the business of media dissemination	154,546	174,082	54,235	51,474
Income from the business of terminal dissemination service	78,755	71,821	23,583	28,681
Income from the business of media production business	34,231	39,770	9,815	11,942
Art trading	666	—	388	—
	<u>268,198</u>	<u>285,673</u>	<u>88,021</u>	<u>92,097</u>



#### **4. SEGMENTAL INFORMATION**

Operating segments are reported in a manner consistent with the internal reporting, in accordance with the Group's internal organisation and reporting structure, provided to the chief operating decision-maker to make strategic decisions.

The Group has three reportable segments. The segments are managed separately as each business offers different products and requires different business strategies.

The following summary describes the operations in each of the Group's reportable segments:

- Media dissemination
- Media Production
- Terminal dissemination
- Art trading

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments.

The Group's senior executive management monitors assets and liabilities on a consolidated basis and not by reportable segment. Accordingly, no additional information on assets and liabilities is presented.



(a) **Segment revenue and results**

**For the nine months ended 30 September 2014 (unaudited)**

	Media Dissemination RMB'000	Media Production RMB'000	Terminal Dissemination RMB'000	Art Trading RMB'000	Total RMB'000
Revenue from external customers	<u>154,546</u>	<u>34,231</u>	<u>78,755</u>	<u>666</u>	<u>268,198</u>
Reportable Segment results	67,064	4,956	21,908	56	93,984
Other income and net loss					1,202
Distribution costs					(29,730)
Administrative expenses					(33,806)
Finance costs					<u>(13,561)</u>
Profit before income tax					<u>18,089</u>

**For the nine months ended 30 September 2013 (unaudited)**

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





## 5. PROFIT BEFORE INCOME TAX

	Unaudited For the nine months ended 30 September		Unaudited For the three months ended 30 September	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Profit before income tax is arrived after charging the following:				
Depreciation	19,114	19,302	6,196	6,364
Amortisation of prepaid land lease payment	43	43	15	15
Amortisation of other intangible assets	169	169	56	52

## 6. INCOME TAX

	Unaudited For the nine months ended 30 September		Unaudited For the three months ended 30 September	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Provision for PRC income tax	2,971	2,845	615	521

## 7. EARNINGS PER SHARE

The calculation of the basic earnings per share for the nine months ended 30 September 2014 is based on the unaudited profit attributable to owners of the Company of approximately RMB10,485,000 (2013: RMB10,283,000) and the weighted average number of shares in issue of 830,000,000 (2013: 830,000,000) during the period.

The Company has no dilutive potential shares in issue during the period (2013: Nil).



## 8. RESERVES

	Share capital RMB'000 Unaudited	Share premium and capital reserves RMB'000 Unaudited	Statutory surplus reserve RMB'000 Unaudited	Other reserves RMB'000 Unaudited	Retained profits RMB'000 Unaudited	Attributable to owners of the Company RMB'000 Unaudited
As at 1 January 2013	83,000	97,384	28,199	(844)	127,949	335,688
Profit and total comprehensive income for the period	—	—	—	—	10,283	10,283
As at 30 September 2013	<u>83,000</u>	<u>97,384</u>	<u>28,199</u>	<u>(844)</u>	<u>138,232</u>	<u>345,971</u>
	Share capital RMB'000 Unaudited	Share premium and capital reserves RMB'000 Unaudited	Statutory surplus reserve RMB'000 Unaudited	Other reserves RMB'000 Unaudited	Retained profits RMB'000 Unaudited	Attributable to owners of the Company RMB'000 Unaudited
As at 1 January 2014	83,000	97,384	28,809	(844)	133,502	341,851
Profit and total comprehensive income for the period	—	—	—	—	10,485	10,485
As at 30 September 2014	<u>83,000</u>	<u>97,384</u>	<u>28,809</u>	<u>(844)</u>	<u>143,987</u>	<u>352,336</u>



## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS OVERVIEW**

For the nine months ended 30 September 2014 (the “Period under Review”), the Group achieved a turnover of approximately RMB268,198,000 (2013: RMB285,673,000), representing a decrease of approximately 6% over the same period last year. During the period, profit attributable to the shareholders was approximately RMB10,485,000 (2013: RMB10,283,000), representing an increase of approximately 2% from the same period last year. Earnings per share increased by 2% to RMB1.26 cent.

The decrease in turnover was primarily attributable to the fact that the Nanjing government rectified the outdoor advertisement during the Youth Olympic Games while the Group reduced advertising agency business with a lower gross profit margin, which resulted in the decrease of the Group’s ownership of outdoor advertisements.

During the period, the revenue from outdoor advertising media dissemination business, terminal dissemination service, outdoor advertising media production business and art trading business accounted for approximately 57.62% (2013: 60.94%), 29.37% (2013: 25.14%), 12.76% (2013: 13.92%) and 0.25% (2013: nil), respectively, of the Group’s total turnover. The Board does not recommend the payment of a quarterly dividend for the nine months ended 30 September 2014 (2013: nil).

### **MEDIA DISSEMINATION BUSINESS**

During the Period under Review, the Group’s outdoor advertising media dissemination business recorded a turnover of approximately RMB154,546,000, representing a decrease of approximately 11% over the same period last year and accounting for 57.62% of the Group’s total turnover. Currently, the Group has outdoor media resources of approximately 190,000 square metres, including billboards in expressways, billboards on building roofs in urban areas, landscape boards along roads and large LED screens. Its business coverage has extended to 64 major cities across China. During the period, the average launching rate of the Group’s outdoor media remained at approximately 70%, with major customers from various industries such as fast-moving consumer goods, media, real estates, finance and tourism.



“Enkon Express Media”, the community media initiated by the Group, continued to be well received and supported by customers. During the period, it contributed to the Group a turnover and a profit of approximately RMB59,040,000 and approximately RMB4,410,000 respectively. Currently, approximately 8,000 advertising boards targeting 9 million households of medium and high income in nearly 5,500 communities have been set up. The scope of coverage has been extended to cities including Beijing, Shanghai, Guangzhou, Nanjing, Shenzhen, Chengdu, Hangzhou, Shenyang and Hefei, and contributed a total of approximately 35,000 square metres of outdoor media dissemination resources to the Group.

Meanwhile, “Enkon Express Media” continued to focus on expansion into sectors including finance, tourism, communication and fast-moving consumer goods. It 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.

## **TERMINAL DISSEMINATION SERVICE, MEDIA PRODUCTION BUSINESS AND ART TRADING BUSINESS**

The Group continued to further its “Terminal Dissemination” business during the period, and recorded a turnover of approximately RMB78,755,000 representing an increase of approximately 10% over the same period last year and accounting for approximately 29.37% of the Group’s total turnover. “Terminal Dissemination” continued to serve well-known brands such as Nike, Li Ning, CR Vanguard, LEE, Bridgestone and Fonton Daimler.

During the Period under Review, the turnover of the Group’s media production business was approximately RMB34,231,000, representing a decrease of approximately 14% over the same period last year and accounting for approximately 12.76% of the Group’s total turnover.

During the period, the turnover of the Group’s art trading business was approximately RMB666,000, accounting for approximately 0.25% of the Group’s total turnover.



## **THE WEBSITE OF “SINA JIANGSU”**

The website of “Sina Jiangsu” jointly established by the Group and Sina provided localised news, leisure, entertainment and life-style information to users in Jiangsu with the best services and products of web2.0. The establishment of Sina Jiangsu marked the Group’s commencement of Internet operation and enhanced its capacity in Internet dissemination. The Group’s marketing and dissemination industrial chain was optimised through the integration of its businesses such as brand planning, media release, production engineering, public relations, the Internet and new media. These new businesses are expected to lay a solid foundation for the Group’s future development.

## **ART OPERATION – DAHE ARTS GALLERY**

Dahe Arts Gallery is a new business developed by Dahe Media at the end of 2013, in order to promote China’s painting and calligraphy art, bring Chinese 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 disseminator of greater China cultures. Dahe Arts Gallery aims at finding genuine artists and implements online and offline promotion through the positioning of artists and carries out exhibit auctions of various sizes and the development of later period painting and calligraphy derivatives. During the Period under Review, Dahe Arts Gallery made a major push to promote its contracted painters through various marketing channels such as global outdoor media, network media, public relations and news coverage. During the first half of this year, the Group successfully held a number of culture and art activities such as spring 2014 auctions, painting and calligraphy exhibition and lecture on arts investment. In September, the “Arts Exhibition in Golden Autumn” (金秋惠友尊享會) held by the Group was formally opened. 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 through a series of activities.

## **BUSINESS DEVELOPMENT**

During the Period under Review, the Group strived to develop its art trading business and successfully held the Arts Exhibition in Golden Autumn(金秋惠友尊享會)in collaboration with the Society of Jiangsu Heritage Conservation(江蘇文物保護學學會) on 26 September 2014. During this event, masterpieces of painters such as Cai Yuanpei, Huang Binhong, Qi Gong, Fu Baoshi, Qian Song Yawei, He Jiaying and Liu Wenxi as well as various kinds of amazingly collectables were exhibited and well received by art collectors, which brought positive impacts on enhancing the Group’s recognition and further expanding its influence.



## AWARDS AND HONOURS

### DAHE GROUP

#### January 2014

The Group won the highest prize “Top 10 Private Cultural Enterprises (民營文化企業十強)” in the first 2013 Nanjing cultural industry “golden plane (金梧桐)” campaign sponsored by Nanjing Cultural Industry Association (南京文化產業協會) under the guidance of Nanjing Municipal Propaganda Department (南京市委宣傳部) and Nanjing Culture, Radio, Film, TV, Press and Publication Bureau (南京市文廣新局).

#### March 2014

The Group won the title of “enterprise credit rating certificate – AAA (企業資信等級證書-AAA級)” issued by Lianhe Credit Information Co., Ltd, a credit rating institution recognized by the headquarters of the People’s Bank of China.

#### April 2014

The landing of advertisement for “top 10 Jinling painters’ painting and calligraphy exhibition (金陵十家書畫展)” sponsored by the Group at New York Times Square, was elected as “major events for Jiangsu’s brands in 2013 (2013品牌江蘇大事件) and regarded as “an initiative in Chinese culture brands”.

#### May 2014

The Group’s plan for “international youth painting and calligraphy competition (國際青少年書畫大賽)” was awarded as “excellent creative solution (優秀創意方案)” in the network conscription activities for creative solutions with a theme of “my dream Youth Olympic Games (我夢想中的青奧會)”.

#### September 2014

The hotel team of the International Olympic Committee of the second Summer Youth Olympic Games issued an appreciation letter to the Group in recognition of the Group’s great support and contribution to the efforts of the hotel team of the International Olympic Committee.



## OUTLOOK

In order to support the development of culture industry and further facilitate the optimization and upgrade of industry structure, the government have successively enacted a series of culture industrial policies, such as the Opinions on Accelerated Development of Foreign Cultural Trade (《關於加快發展對外文化貿易的意見》) and Certain Opinions on Promotion of Integration of Cultural Creation and Design Service with Related Industries (《國務院關於推進文化創意和設計服務與相關產業融合發展的若干意見》) this year, which give preferential treatment for the culture industry in taxation, finance, admittance and land, etc. What's more, these policies also indicate a direction on the pattern in which the culture shall develop. With these policy support, the overall industry will be vigorously promoted to stipulate the economy and flourish Chinese media market.

In addition, it is expected that the PRC government will invest more than RMB1,000 billion merely in railway transportation by 2020. With increasing number of outdoor travelers and climbing in travel frequency and length of time, it is indicated that China's outdoor advertising media is highlighting its great commercial value. Driven by both national favor policies and stable growth in domestic demand, the Group is firmly confident with the prospect of outdoor advertising business and dissemination service. In the future, the Group will efficiently utilize outdoor space through technological innovation and breakthroughs in creativity to make dissemination effect more precise.

Looking forward, the Group will, in addition to further exploring resources of outdoor advertising and communicating services, continue to develop art trading business and promote capital operations and professional development of art trading through market consolidation of resources. With that, the Group aims to further expand its influence in the art market, laying a solid foundation for long-term growth.



## **FINANCIAL REVIEW**

### **TURNOVER**

During the Period under Review, the Group's turnover was approximately RMB268,198,000, representing a decrease of approximately 6% as compared with the corresponding period of 2013.

### **GROSS PROFIT MARGIN**

During the Period under Review, gross profit margin was approximately 35%, representing an increase of approximately 0.1% over 34.9% for the corresponding period of 2013.

### **DISTRIBUTION COSTS**

During the Period under Review, distribution costs increased by 2% as compared with the corresponding period of 2013.

### **ADMINISTRATION EXPENSES**

During the Period under Review, administration expenses decreased by 16% as compared with the corresponding period of 2013.

### **FINANCIAL EXPENSES**

During the Period under Review, financial expenses were approximately RMB13,561,000, representing a decrease of 7% as compared with the corresponding period of 2013.

### **DIVIDENDS**

The Board does not recommend distribution of a quarterly dividend for the nine months ended 30 September 2014 (2013: nil).

### **FUTURE MAJOR INVESTMENT PLANS AND EXPECTED SOURCE OF FUNDS**

The Group will continue to integrate the existing operations, at the same time identify new business opportunities which may supplement or strengthen the existing operations. As at 30 September 2014, the Group has yet not set up any specific plans.





## **WORKING CAPITAL AND FINANCIAL RESOURCES**

The Group has adopted a prudent financial management policy and maintained a strong financial status. As at 30 September 2014, net current asset was approximately RMB200,722,000 (As at 31 December 2013: approximately RMB159,705,000).

As at 30 September 2014, bank balance and cash held by the Group amounted to approximately RMB125,898,000. The Group's Bank borrowings amounted to approximately RMB282,000,000. Net debt to equity ratio was approximately 41%, i.e. the percentage of bank loans less bank balance and cash in net assets, amounting to RMB383,577,000 (As at 31 December 2013, net debt to equity ratio was approximately 31%).

## **RISK OF FOREIGN EXCHANGE**

As the Group's income and expenditure are denominated in RMB, therefore, the Group has no exposure to foreign exchange risks.

## **IMPORTANT INVESTMENT**

During the Period under Review, the Group has no increase in important investment.

## **IMPORTANT ACQUISITION AND DISPOSAL**

During the Period under Review, the Group acquired 49% equity interest in Nanjing Millennium Ankang International Media Co. Ltd. (南京千禧安康國際傳媒廣告有限公司).

## **STAFF**

As at 30 September 2014, the Group has about 600 full-time staff. During the Period under Review, cost of staff was approximately RMB33,690,000 (Corresponding period in 2013: approximately RMB38,720,000).

## **CONTINGENT LIABILITIES**

As at 30 September 2014, the Group has no material contingent liabilities.



## **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. In July 2014, the liquidation was completed. In the liquidation, the Company was distributed media assets of 11,552.5 sq metre, a property in a value of RMB162,600 and currency assets of RMB1,018,927.34, and the remaining currency assets of RMB278,281.63 of Dahe Basu after distributions will be distributed to its shareholders on pro rata basis after deducting the liquidation expenses. Further information of the liquidation was 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.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

The Group and the Company did not purchase, sell or redeem any of its listed securities during the Period under Review.

## **DIRECTORS’ AND SUPERVISORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

None of the Directors nor supervisors of the Company (“Supervisors”) nor any of their respective associates was granted by the Company or its subsidiaries any right to acquire shares or debentures of the Company or any other body corporate, or had exercised any such right as at 30 September 2014.

## **RIGHT OF FIRST REFUSAL**

There is no provision of any right of first refusal in the Company’s Articles of Association requiring the Company to issue new shares proportionately to the existing shareholders.

## **CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

During the Period under Review, the Company has continued to adopt a set of transaction standards in respect of securities transactions by directors, which are no less stringent than that stipulated in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has also made specific inquiries to all the Directors, and is not aware of any violation of the transaction standards and the standard code in respect of securities transactions by Directors as required.



## A. DIRECTORS, CHIEF EXECUTIVES AND SUPERVISORS

As at 30 September 2014, the interests and short positions of Directors and the Supervisors of the Company (as if the requirements applicable to Directors under the SFO were also applicable to the Supervisors) in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (a) were that required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors and the Supervisors is taken or deemed to have under such provisions of the SFO); or (b) were required pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange were as follows:

### (i) the Company

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

#### Notes:

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



(ii) **the associated corporations**

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

*Notes:*

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

Save as disclosed above, none of the Directors or chief executives of the Company is aware of any other Directors or chief executives of the Company who has any interests or short positions in any Shares and underlying shares in, and debentures of, the Company or any associated corporation as at 30 September 2014.

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



## B. SUBSTANTIAL SHAREHOLDERS

As at 30 September 2014, 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 <i>(Note 1)</i>	Approximate percentage of shareholding in the relevant class of securities	Approximate percentage of shareholding in the issued share capital of the Company/member of the Group
DIHG	Company	Beneficial owner	418,000,000 Domestic Shares (L)	72.07%	50.36%
Yan Fen	Company	Interest of spouse <i>(Note 2)</i>	418,000,000 Domestic Shares (L)	72.07%	50.36%
Nanjing Ultralon Investment Management Co., Ltd.* (南京歐特龍投資管理有限公司)	Hangzhou Ultralon Advertising Co., Ltd.* (杭州歐特龍廣告有限公司)	Beneficial owner	150,000 Shares (L)	10%	10%
Chengdu Xintianjie Advertising Co., Ltd.* (成都新天杰廣告有限公司)	Sichuan Xintianjie Media Technology Development Co., Ltd.* (四川新天杰傳媒科技發展有限公司)	Beneficial owner	9,000,000 Shares (L)	45%	45%



Name of Shareholder	Company/name of the member of the Group	Capacity	Number and class of securities <i>(Note 1)</i>	Approximate percentage of shareholding in the relevant class of securities	Approximate percentage of shareholding in the issued share capital of the Company/member of the Group
Gao Huajun	Nanjing Dahe Colour Printing Co., Ltd.* (南京大賀彩色印刷有限公司)	Beneficial owner	2,000,000 Shares (L)	10%	10%

*Notes:*

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

Save as the disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company which will have to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO as at 30 September 2014.



### C. OTHER PERSONS WHO ARE REQUIRED TO DISCLOSE THEIR INTERESTS PURSUANT TO DIVISIONS 2 AND 3 OF PART XV OF THE SFO

As at 30 September 2014, save for the persons/entities disclosed in sub-section B above, the following entities/persons had an interest or a short position in the Shares and underlying Shares as recorded in the register required to be kept under section 336 of the SFO:

Name of Shareholder	Capacity	Number and class of securities (Note 1)	Approximate percentage of shareholding in the relevant class of securities	Approximate percentage of shareholding in the issued share capital of the Company
Yan Jian	Beneficial owner	71,800,000 Domestic Shares (L)	12.37%	8.66%
Nanjing State-owned Assets Investment Management Holdings (Group) Co. Ltd.* (南京市國有資產投資管理控股(集團)有限責任公司)	Beneficial owner	50,000,000 Domestic Shares (L)	8.62%	6.02%
Nanjing Pukou Ink Printing Factory* (南京市浦口區晨威油墨廠)	Beneficial owner	30,000,000 Domestic Shares (L)	5.17%	3.61%

Notes:

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

Save as disclosed above, no other person/entity had an interest or a short position in the Shares and underlying Shares as recorded on 30 September 2014 in the register required to be kept under section 336 of the SFO.



## COMPETING INTEREST

None of the Directors, the controlling shareholders of the Company and their respective associates as defined under the GEM Listing Rules had any interest in a business which competes or may compete, either directly or indirectly, with the businesses of the Group nor any conflicts of interest which has or may have with the Group.

## CORPORATE GOVERNANCE

During the Period under Review, none of the Directors of the Company is aware of any information which reasonably indicates that there has been non-compliance with the code provisions as set out in the Corporate Governance Code as set out in Appendix 15 of the GEM Listing Rules of the Stock Exchange in any time during the accounting period covered under the current report.

## AUDIT COMMITTEE

The Company established an audit committee on 23 October 2003 with written terms of reference made in compliance with the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Company. The audit committee comprises three independent non-executive directors, Mr Xu Haoran, Mr Ge Jianya and Ms Ye Jianmei. The audit committee has reviewed this third quarterly report in accordance with the GEM Listing Rules.

By Order of the Board  
**He Chaobing**  
*Chairman and Executive Director*

Nanjing, the PRC  
12 November 2014

*As at the date of this report, the Board comprises Mr. He Chaobing and Ms. Lu Yin, being the executive Directors, Mr. Xu Haoran, Mr. Ge Jianya and Ms. Ye Jianmei, being the independent non-executive Directors, and Mr. Li Huafei, Mr. He Lianyi and Mr. He Pengjun being the non-executive Directors.*

*\* For identification purpose only*