



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)



2015 Interim Report

*For Identification Purposes only

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



HIGHLIGHTS

- For the six months ended 30 June 2015, the Group realised a turnover of approximately RMB147,527,000, representing a decrease of approximately 18% over the same period of 2014.
- Turnover of the Group was mainly from media dissemination, terminal dissemination service, media production and art trading businesses, representing approximately 49.9% (2014: 55.68%), 36.79% (2014: 30.62%), 11.96% (2014: 13.55%) and 1.35% (2014: 0.15%) respectively of the gross turnover.
- For the six months ended 30 June 2015, profit attributable to the Group's equity holders was approximately RMB10,670,000, representing an increase of approximately 33% over the same period of 2014. For the three months ended 30 June 2015, profit attributable to equity holders of the Group was approximately RMB8,797,000, representing an increase of approximately 28% over the same period in 2014.
- Earnings per share were approximately RMB1.28 cent (2014: RMB0.96 cent).
- The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2015 (2014: nil).

CONDENSED CONSOLIDATED STATEMENT OF INCOME

The Board of Directors (the “Board”) of Dahe Media Co., Ltd. (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (together the “Group”) for the three months and six months ended 30 June 2015, together with the comparative figures for the corresponding periods in 2014 as follows:

	Notes	For the six months ended 30 June		For the three months ended 30 June	
		2015 RMB'000 Unaudited	2014 RMB'000 Unaudited	2015 RMB'000 Unaudited	2014 RMB'000 Unaudited
Turnover	3	147,527	180,177	82,306	97,046
Cost of sales		(89,497)	(116,764)	(47,677)	(60,887)
Gross profit		58,030	63,413	34,629	36,159
Other income and net gain		(17)	135	(478)	452
Distribution costs		(16,224)	(20,506)	(7,363)	(9,803)
Administrative expenses		(18,204)	(19,780)	(10,726)	(10,291)
Finance costs		(10,921)	(9,829)	(6,010)	(5,204)
Profit before income tax	5	12,664	13,433	10,052	11,313
Income tax expenses	6	(2,167)	(2,356)	(1,362)	(1,986)
Profit and total comprehensive income for the period		<u>10,497</u>	<u>11,077</u>	<u>8,690</u>	<u>9,327</u>
Attributable to:					
Owners of the Company		10,670	8,005	8,797	6,864
Non-controlling interests		(173)	3,072	(107)	2,463
		<u>10,497</u>	<u>11,077</u>	<u>8,690</u>	<u>9,327</u>
Earnings per share	8				
– Basic and diluted (RMB)		<u>1.28 cent</u>	<u>0.96 cent</u>	<u>1.06 cent</u>	<u>0.82 cent</u>



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 June 2015	As at 31 December 2014
	Note	RMB'000 Unaudited	RMB'000 Audited
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties		41,168	41,168
Property, plant and equipment		109,768	122,385
Prepaid land lease payments		2,032	2,060
Goodwill		15,679	15,679
Other intangible assets		1,533	1,646
Interests in a joint venture		1,449	1,449
Interests in an associate		4,389	4,389
Available-for-sale financial assets		12,552	12,552
Total non-current assets		188,570	201,328
Current assets			
Inventories		49,494	50,532
Trade and note receivable	10	289,514	241,740
Other receivables, deposits and prepayments		102,207	65,639
Amount due from holding company		11,215	6,862
Amounts due from a fellow subsidiary		27,982	24,954
Amounts due from related companies		375	88
Bank balances and cash and pledged bank deposit		91,872	106,495
Total current assets		572,659	496,310
Total assets		761,229	697,638

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Note	As at 30 June 2015 RMB'000 Unaudited	As at 31 December 2014 RMB'000 Audited
Current liabilities			
Trade payables	11	43,580	45,807
Other payables, deposits received and accruals		3,966	5,460
Deferred advertising income		33,307	17,144
Amount due to related parties		196	433
Amount due to a fellow subsidiary		1,084	1,109
Bank borrowings		309,000	297,500
Income tax payables		1,129	13,613
Other tax payables		2,041	2,033
Total current liabilities		394,303	383,099
Net current assets		178,356	113,211
Total assets less current liabilities		366,926	314,539
Non-current liabilities			
Finance lease payables		41,890	—
Deferred tax liabilities		4,777	4,777
Net assets		320,259	309,762
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital		83,000	83,000
Reserves		234,628	223,958
Equity attributable to owners of the Company		317,628	306,958
Non-controlling interests		2,631	2,804
Total equity		320,259	309,762



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital RMB'000	Share premium and capital reserves RMB'000	Statutory surplus reserve RMB'000	Other reserves RMB'000	Retained profits RMB'000	Equity attributable to owners of the Company RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
As at 1 January 2014	83,000	97,384	28,809	(844)	133,502	341,851	26,608	368,459
Profit for the period	—	—	—	—	8,005	8,005	3,072	11,077
As at 30 June 2014	<u>83,000</u>	<u>97,384</u>	<u>28,809</u>	<u>(844)</u>	<u>141,507</u>	<u>349,856</u>	<u>29,680</u>	<u>379,536</u>
Profit for the period	—	—	—	—	5,391	5,391	(8)	5,383
Acquisition of additional interests in a subsidiary	—	—	—	(48,289)	—	(48,289)	(15,461)	(63,750)
Disposal of a subsidiary	—	(132)	(2,872)	844	2,160	—	(11,407)	(11,407)
Appropriations to statutory reserve	—	—	2,148	—	(2,148)	—	—	—
As at 1 January 2015	83,000	97,252	28,085	(48,289)	146,910	306,958	2,804	309,762
Profit for the period	—	—	—	—	10,670	10,670	(173)	10,497
As at 30 June 2015	<u>83,000</u>	<u>97,252</u>	<u>28,085</u>	<u>(48,289)</u>	<u>157,580</u>	<u>317,628</u>	<u>2,631</u>	<u>320,259</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30 June 2015 RMB'000 Unaudited	For the six months ended 30 June 2014 RMB'000 Unaudited
Cash flows (used in)/generated from operating activities	(56,139)	4,455
Cash flows used in investing activities	348	603
Cash flows generated from/(used in) financing activities	<u>41,168</u>	<u>(3,932)</u>
Net increase/(decrease) in cash and cash equivalents	(14,623)	1,126
Cash and cash equivalents at the beginning of period	<u>106,495</u>	<u>198,559</u>
Cash and cash equivalents at the end of period	<u><u>91,872</u></u>	<u><u>199,685</u></u>
Bank balances and cash	<u><u>91,872</u></u>	<u><u>199,685</u></u>



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS:

1. BASIS OF PREPARATION

These unaudited condensed consolidated financial statements are prepared in accordance with Hong Kong Accounting standards (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and Chapter 18 of the GEM Listing Rules.

These unaudited condensed consolidated financial statements should be read in conjunction with the audited annual financial statements of the Group for the year ended 31 December 2014. The accounting policies and methods of computation used in the preparation of these unaudited condensed consolidated interim financial statements are consistent with those used in the audited annual financial statements of the Group for the year ended 31 December 2014.

2. PRINCIPAL ACCOUNTING POLICIES

The consolidated condensed financial statements have been prepared under the historical cost convention, except for investment properties that are carried at fair value. Historical cost is generally based on their fair value of consideration given in exchange of goods.

In the current period, the Group has adopted all new and revised standards, amendments and interpretations (“new HKFRSs”) issued by the HKICPA which are effective for the Group’s financial year beginning 1 January 2014. The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

3. TURNOVER

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

	For the six months ended 30 June		For the three months ended 30 June	
	2015 RMB'000 Unaudited	2014 RMB'000 Unaudited	2015 RMB'000 Unaudited	2014 RMB'000 Unaudited
Income from media dissemination	73,618	100,311	39,177	49,555
Income from terminal dissemination	54,279	55,172	32,424	32,228
Income from media production	17,636	24,416	9,795	15,002
Art Trading	1,994	278	910	261
	<u>147,527</u>	<u>180,177</u>	<u>82,306</u>	<u>97,046</u>

4. SEGMENT INFORMATION

For the six months ended 30 June 2015 (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>73,618</u>	<u>17,636</u>	<u>54,279</u>	<u>1,994</u>	<u>147,527</u>
Reportable segment results	36,827	1,890	18,762	551	58,030
Other income and net loss					(17)
Distribution costs					(16,224)
Administrative expenses					(18,204)
Finance costs					<u>(10,921)</u>
Profit before income tax					<u>12,664</u>



For the six months ended 30 June 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>100,311</u>	<u>24,416</u>	<u>55,172</u>	<u>278</u>	<u>180,177</u>
Reportable segment results	43,114	2,646	17,604	49	63,413
Other income and net loss					135
Distribution costs					(20,506)
Administrative expenses					(19,780)
Finance costs					<u>(9,829)</u>
Profit before income tax					<u>13,433</u>

5. PROFIT BEFORE INCOME TAX

	For the six months ended 30 June		For the three months ended 30 June	
	2015 RMB'000 Unaudited	2014 RMB'000 Unaudited	2015 RMB'000 Unaudited	2014 RMB'000 Unaudited
Profit before income tax is arrived after charging the following:				
Depreciation	11,402	12,918	5,609	6,439
Amortisation of prepaid land lease payment	28	28	14	14
Amortisation of other intangible assets	<u>113</u>	<u>113</u>	<u>57</u>	<u>(7)</u>



6. INCOME TAX EXPENSE

The provision for PRC Enterprise Income Tax (“EIT”) is based on the estimated taxable income for PRC taxation at the rate of taxation applicable for the year. In accordance with the new PRC Enterprise Income Tax Law which became effective from 1 January 2008, a unified enterprise income tax rate of 25% will be applied to both domestic invested enterprises and foreign-invested enterprises. 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 six months ended 30 June 2015 (31 December 2014: 15%). The subsidiaries of the Company are subject to standard EIT rate of 25% for the six months ended 30 June 2015 (31 December 2014: 25%).

	For the six months ended 30 June		For the three months ended 30 June	
	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
	Unaudited	Unaudited	Unaudited	Unaudited
Taxation charges				
PRC income tax	<u>2,167</u>	<u>2,356</u>	<u>1,362</u>	<u>1,986</u>

7. DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2015 (2014: nil).

8. EARNINGS PER SHARE

The calculation of the basic earnings per share for the six months ended 30 June 2015 is based on the profit attributable to ordinary equity owners of the Company of RMB10,670,000 (For the six months ended 30 June 2014: RMB8,005,000) and the weighted average number of shares in issue of 830,000,000 (2014: 830,000,000).



9. RESERVES

	Share capital RMB'000 Unaudited	Share premium and capital reserves RMB'000 Unaudited	Statutory surplus reserve RMB'000 Unaudited	Retained profits RMB'000 Unaudited	Total reserves RMB'000 Unaudited
As at 1 January 2014	83,000	97,252	23,152	121,406	241,810
Total comprehensive income for the period	—	—	—	5,364	5,364
As at 30 June 2014	<u>83,000</u>	<u>97,252</u>	<u>23,152</u>	<u>126,770</u>	<u>247,174</u>
As at 1 January 2015	83,000	97,252	23,415	126,725	247,392
Total comprehensive income for the period	—	—	—	5,434	5,434
As at 30 June 2015	<u>83,000</u>	<u>97,252</u>	<u>23,415</u>	<u>132,159</u>	<u>252,826</u>

10. TRADE AND NOTE RECEIVABLES

The Group generally grants credit terms of 120 days (same period of 2014: 120 days) to major customers and 90 days (same period of 2014: 90 days) to others trade customers. Ageing analysis of trade and note receivables, net of allowance, at the end of the reporting periods is as follows:

	As at 30 June 2015 RMB'000 Unaudited	As at 31 December 2014 RMB'000 Audited
0-90 days	83,437	77,789
91-180 days	58,256	48,564
181-365 days	72,386	45,849
Over 365 days	<u>75,435</u>	<u>69,538</u>
	<u>289,514</u>	<u>241,740</u>



11. TRADE PAYABLES

	As at 30 June 2015 RMB'000 Unaudited	As at 31 December 2014 RMB'000 Audited
0-90 days	19,705	25,896
91-180 days	7,990	5,711
181-365 days	4,962	4,135
Over 365 days	10,923	10,065
	<u>43,580</u>	<u>45,807</u>



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

For the six months ended 30 June 2015 (the “Period under Review”), the Group achieved a turnover of approximately RMB147,527,000 (2014: RMB180,177,000), representing a decrease of approximately 18% over the same period last year. During the period, profit attributable to the shareholders was approximately RMB10,670,000 (2014: RMB8,005,000), representing an increase of approximately 33% from the same period last year. Earnings per share increased by 33% to RMB1.28 cent.

The decrease in turnover was primarily attributable to the fact that on 13 October 2014, the Group disposed 55% equity interest of Sichuan Xintianjie, a subsidiary of the Group, which resulted in the decrease in part of turnover, meanwhile, the profit increased as a result of the continuous improvement of the Group’s management system and the decrease of management fee.

During the Period under Review, the revenue from outdoor advertising media dissemination business, terminal dissemination service, outdoor advertising media production business and art trading business accounted for approximately 49.9% (2014: 55.68%), 36.79% (2014: 30.62%), 11.96% (2014: 13.55%) and 1.35% (2014: 0.15%), respectively, of the Group’s turnover. The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2015 (2014: nil).

MEDIA DISSEMINATION BUSINESS

During the Period under Review, the Group’s outdoor advertising media dissemination business recorded a turnover of approximately RMB73,618,000, representing a decrease of approximately 27% over the same period last year and accounting for 49.9% of the Group’s total turnover. Currently, the Group has outdoor media resources of approximately 140,000 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 under Review, it contributed to the Group a turnover and a profit of approximately RMB30,780,000 and approximately RMB6,100,000 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, Hangzhou, Shenyang and Hefei, and contributed approximately 28,000 square metres of outdoor media dissemination resources to the Group. As announced by the Company on 7 January 2015, the Group entered into the Finance Lease Agreement with 上海華音融資租賃有限公司(Shanghai Huayin Financing Lease Co., Ltd.*) (“Shanghai Huayin”) for certain Ankang Advertising Boards on 6 January 2015. Pursuant to the Finance Lease Agreement, the Group agreed to transfer certain advertising boards to Shanghai Huayin at the transfer amount of RMB40,000,000 and Shanghai Huayin agreed to lease those advertising boards back to the Group for a fixed term of 36 months at an aggregate lease rent of RMB44,680,000.

During the Period under Review, the Group successfully won the bid for the advertisement placement project of Jiangsu Provincial Tourism Bureau (community advertising panels in Shanghai). In 2015, Dahe Media will become the sole community media service provider for 13 municipal tourism bureaus in Jiangsu province.

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, 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 RMB54,279,000, representing a decrease of approximately 2% over the same period last year and accounting for approximately 36.79% 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 RMB17,636,000, representing a decrease of approximately 28% over the same period last year and accounting for approximately 11.96% of the Group’s total turnover.



During the Period under Review, the turnover of the Group's art trading business was approximately RMB1,994,000, accounting for approximately 1.35% 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

The mission of Dahe Arts Gallery is to promote China's painting and calligraphy art, bring 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. Dahe Arts Gallery aims to discover genuine artists, conduct online and offline promotions through positioning of the artists, organize exhibitions and auctions of various scales, and develop painting and calligraphy derivatives of later periods.

BUSINESS DEVELOPMENT

During the Period under Review, the Group has put much effort on promoting the further consolidation of various resources of the Group from the media platform, so as to achieve the most effective dissemination and promotion for our brand. We have successfully launched Dahe Zhihui College WeChat platform, Dahe Arts Gallery WeChat platform and Dahe Human Resources WeChat platform. Our brand image was promoted through media.



AWARDS AND HONOURS

DAHE GROUP

March 2015

The Group was awarded “Enterprise Credit Rating Certificate AAA (企業資信等級證書 AAA級)” issued by the Jiangsu branch of Lianhe Credit Information Co., Ltd.

May 2015

Being abundant in media resources and renowned for services of good faith, the Group earned its status as a regional mainstream outdoor media supplier in China. The Group was named among the Top 100 China’s outdoor media. The Group also won the title of “Top 10 Leading Media Companies in China(中國十大領軍媒體公司)”.

June 2015

The Group won the title of “Advanced Unit in the Second Summer Youth Olympic Games(第二屆夏季青年奧林匹克運動會先進集體)” by the Organizing Committee of 2014 Nanjing Youth Olympic Games.

OUTLOOK

As economic development and urbanization continues, the income level and living standard in China is expected to continue to improve. The urbanization rate in China increased from 48.3% in 2009 to 53.7% in 2013, and is forecast to increase to 57.9% by 2018. As urbanization progresses, domestic consumption is expected to grow and consumer preferences may also change. Numerous domestic consumer brands are marketed on a regional and even national basis, rather than locally. Accordingly, it is expected that these brands will seek to place their advertisements on platforms that give them nationwide reach. The overall demand for advertising services is expected to increase. As such, in order to attract more consumers throughout China, advertisers’ expenditure on outdoor advertising is expected to increase. Since the PRC government seeks to improve infrastructure and facilities, such as airports, metro lines and high speed rail, government spending will increase. In addition, the PRC government regulates the outdoor advertising market in China through a series of laws and regulations which is expected to facilitate the continued growth of the market.

As the living standard in China improves, people will spend more time on out-of-home dining, socializing and entertainment. Through outdoor advertising channels, advertisers may reach a broader range of consumers. Also, advertisers have begun to recognize the unique advantage of outdoor advertising, such as the effectiveness of advertisements and the wide coverage of desirable locations, and will accordingly invest more in outdoor advertising. Since our Company occupies a higher share of outdoor large billboards, our competitive edge is becoming increasingly obvious.



Looking forward, with the support from the government's policy, the Group will continue our resource consolidation in terms of outdoor media, network media and other emerging media resources, in order to fully expand the operating channels for artworks. The Group will actively devote itself to charitable activities with an aim to become the most influential leading outdoor media enterprise in China.

FINANCIAL REVIEW

TURNOVER

For the six months ended 30 June 2015 (the "Period under Review"), the Group's turnover was approximately RMB147,527,000, representing a decrease of approximately 18% as compared with the corresponding period last year.

GROSS PROFIT

During the Period under Review, gross profit was approximately 39.3%, representing an increase of approximately 4.1 percentage points over 35.2% of the corresponding period last year.

DISTRIBUTION COSTS

During the Period under Review, distribution costs decreased by 21% as compared with the corresponding period last year.

ADMINISTRATION EXPENSES

During the Period under Review, administration expenses decreased by 8% as compared with the corresponding period last year.

FINANCIAL COSTS

During the Period under Review, financial costs were approximately RMB10,921,000, representing an increase of 11% as compared with the corresponding period last year.

DIVIDENDS

The Board did not recommend distribution of an interim dividend for the six months ended 30 June 2015 (2014: 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, the Group has not formulated any specific plan as at 30 June 2015.



LIQUIDITY AND FINANCIAL RESOURCES

The Group has adopted a prudent financial management policy and maintained a strong financial position. As at 30 June 2015, net current assets were approximately RMB178,356,000 (As at 31 December 2014: approximately RMB113,211,000).

As at 30 June 2015, bank balance and cash held by the Group amounted to approximately RMB91,872,000, all of which were denominated in RMB. The Group had bank borrowings of approximately RMB309,000,000, all of which were denominated in RMB and were payable within one year, and borrowings of approximately RMB309,000,000 at an fixed interest rate of 6.38% per annum. Net debt to equity ratio was approximately 67.8%, i.e. the percentage of bank loans less bank balance and cash in net assets amounting to RMB320,259,000 (As at 31 December 2014: net debt to equity ratio was approximately 61.7%).

RISK OF FOREIGN EXCHANGE

As the Group's income and expenditure are denominated in RMB, the Group has no exposure to any foreign exchange risks, and the Group hasn't entered into foreign exchange hedge arrangement to manage its foreign exchange risk.

IMPORTANT INVESTMENT

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

IMPORTANT ACQUISITION AND DISPOSAL

During the Period under Review, the Group intends to dispose 90% equity interest of Nanjing Dahe Colour Printing Co., Ltd.

STAFF

As at 30 June 2015, the Group has a total of approximately 510 full-time staff. During the Period under Review, cost of staff was approximately RMB21,280,000 (corresponding period in 2014: approximately RMB23,140,000).

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 30 June 2015, the Group's pledged bank deposits of approximately RMB30,000,000 (30 June 2014: RMB42,100,000) were pledged as security for the Group's borrowings.

CONTINGENT LIABILITIES

As at 30 June 2015, the Group does not have any material contingent liabilities.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

None of the Directors nor supervisors of the Company ("Supervisors") nor any of their respective associates was granted by the Company or its subsidiaries any right to acquire shares or debentures of the Company or any other body corporate, or had exercised any such right as at 30 June 2015.

RIGHT OF FIRST REFUSAL

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

CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

A. Directors, chief executives and Supervisors

As at 30 June 2015, the interests and short positions of Directors and the Supervisors of the Company (as if the requirements applicable to Directors under the SFO were also applicable to the Supervisors) in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (a) were that required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors and the Supervisors is taken or deemed to have under such provisions of the SFO); or (b) were required pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange were as follows:

(i) the Company

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

Notes:

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



(ii) the associated corporations

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

Notes:

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

Save as disclosed above, none of the Directors or chief executives of the Company is aware of any other Directors or chief executives of the Company who has any interests or short positions in any Shares and underlying shares in, and debentures of, the Company or any associated corporation as at 30 June 2015.

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

B. Substantial Shareholders

As at 30 June 2015, 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%

Notes:

1. The letter "L" denotes a long position in the domestic 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 disclosed above, to the best knowledge of the Company as at 30 June 2015, there was no other relevant interest or short position in the issued share capital of the Company which was required to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO.



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

As at 30 June 2015, 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
Zhang Ge	Beneficial owner	71,800,000 Domestic Shares (L)	12.37%	8.66%
Nanjing High-Tech Venture Capital Co., Ltd.	Beneficial owner	50,000,000 Domestic Shares (L) (Note 2)	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. Such 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), a subsidiary of Nanjing State-owned Asset Investment Holdings (Group) Company Limited.

Save as disclosed above, no other person/entity had an interest or a short position in the Shares and underlying Shares as recorded on 30 June 2015 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 close associates as defined under the GEM Listing Rules had any interest in a business which competes or may compete, either directly or indirectly, with the businesses of the Group nor any conflicts of interest which has or may have with the Group.

CORPORATE GOVERNANCE

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

AUDIT COMMITTEE

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

By Order of the Board
He Chaobing
Chairman

Nanjing, the PRC
12 August 2015

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*