



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

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”)

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

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This report, for which the directors (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 2015, the Group achieved a turnover of approximately RMB230,344,000, representing a decrease of approximately 14% over the same period of 2014.
- Gross turnover for the nine months ended 30 September 2015 of the Group was mainly attributed from media dissemination, terminal dissemination service, media production and art trading businesses, representing approximately 51.6% (2014: 57.62%), 33.26% (2014: 29.37%), 10.7% (2014: 12.76%) and 4.44% (2014: 0.25%) respectively of the gross turnover.
- For the nine months ended 30 September 2015, profit attributable to the equity holders of the Group was approximately RMB14,172,000, representing an increase of approximately 35% over the same period of 2014.
- Earnings per share were approximately RMB1.71 cent (2014: RMB1.26 cent).
- The Board does not recommend the payment of a quarterly dividend for the nine months ended 30 September 2015 (2014: nil).



CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

The Board of Directors (“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 nine months and three months ended 30 September 2015, together with the comparative figures for the corresponding periods in 2014 as follows:

	Notes	Unaudited For the nine months ended 30 September		Unaudited For the three months ended 30 September	
		2015	2014	2015	2014
		RMB'000	RMB'000	RMB'000	RMB'000
Turnover	3	230,344	268,198	82,817	88,021
Cost of sales		<u>(141,269)</u>	<u>(174,214)</u>	<u>(51,772)</u>	<u>(57,450)</u>
Gross profit		89,075	93,984	31,045	30,571
Other revenue and net gain		2,276	1,202	2,293	1,067
Distribution costs		<u>(23,708)</u>	<u>(29,730)</u>	<u>(7,484)</u>	<u>(9,224)</u>
Administrative expenses		<u>(34,027)</u>	<u>(33,806)</u>	<u>(15,823)</u>	<u>(14,026)</u>
Finance costs		<u>(16,781)</u>	<u>(13,561)</u>	<u>(5,860)</u>	<u>(3,732)</u>
Profit before income tax	5	16,835	18,089	4,171	4,656
Income tax	6	<u>(2,878)</u>	<u>(2,971)</u>	<u>(711)</u>	<u>(615)</u>
Profit and total comprehensive income for the period		<u>13,957</u>	<u>15,118</u>	<u>3,460</u>	<u>4,041</u>
Profit and other comprehensive income attributable to:					
Owners of the Company		14,172	10,485	3,502	2,480
Non-controlling interests		<u>(215)</u>	<u>4,633</u>	<u>(42)</u>	<u>1,561</u>
		<u>13,957</u>	<u>15,118</u>	<u>3,460</u>	<u>4,041</u>
Earnings per share					
– Basic and diluted (RMB)	7	<u>1.71 cent</u>	<u>1.26 cent</u>	<u>0.43 cent</u>	<u>0.30 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 2015 have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which also include Hong Kong Accounting standards 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.

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



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	
	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
Income from the business of media dissemination	118,853	154,546	45,235	54,235
Income from the business of terminal dissemination service	76,604	78,755	22,325	23,583
Income from the business of media production	24,670	34,231	7,034	9,815
Income from the business of art trading	10,217	666	8,223	388
	<u>230,344</u>	<u>268,198</u>	<u>82,817</u>	<u>88,021</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 four 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 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>118,853</u>	<u>24,670</u>	<u>76,604</u>	<u>10,217</u>	<u>230,344</u>
Reportable segment results	62,968	3,092	22,381	634	89,075
Other income and net loss					2,276
Distribution costs					(23,708)
Administrative expenses					(34,027)
Finance costs					<u>(16,781)</u>
Profit before income tax					<u>16,835</u>

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>



5. PROFIT BEFORE INCOME TAX

	Unaudited		Unaudited	
	For the nine months ended 30 September		For the three months ended 30 September	
	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Profit before income tax is arrived after charging the following:				
Depreciation	17,073	19,114	5,671	6,196
Amortisation of prepaid land lease payment	43	43	15	15
Amortisation of other intangible assets	169	169	56	56

6. INCOME TAX

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, an unified enterprise income tax rate of 25% will be applied to both domestic-invested enterprises and foreign-invested enterprises. Pursuant to the relevant PRC laws and regulations, as the Company is a qualified high technology enterprise, the Company is subject to a preferential EIT rate of 15% for the nine months ended 30 September 2015 (2014: 15%). The subsidiaries of the Company are subject to standard EIT rate of 25% for the nine months ended 30 September 2015.

	Unaudited		Unaudited	
	For the nine months ended 30 September		For the three months ended 30 September	
	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Provision for PRC income tax	2,878	2,971	711	615



7. EARNINGS PER SHARE

The calculation of the basic earnings per share for the nine months ended 30 September 2015 is based on the unaudited profit attributable to owners of the Company of approximately RMB14,172,000 (2014: RMB10,485,000) and the weighted average number of shares in issue of 830,000,000 (2014: 830,000,000) during the period.

The Company has no dilutive potential shares in issue during the period (2014: 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 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>
	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 2015	83,000	97,252	28,085	(48,289)	146,910	306,958
Profit and total comprehensive income for the period	—	—	—	—	14,172	14,172
As at 30 September 2015	<u>83,000</u>	<u>97,252</u>	<u>28,085</u>	<u>(48,289)</u>	<u>161,082</u>	<u>321,130</u>



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

For the nine months ended 30 September 2015 (the “Period under Review”), the Group achieved a turnover of approximately RMB230,344,000 (2014: RMB268,198,000), representing a decrease of approximately 14% over the same period last year. During the period, profit attributable to the shareholders was approximately RMB14,172,000 (2014: RMB10,485,000), representing an increase of approximately 35% from the same period last year. Earnings per share increased by 35% to RMB1.71 cents (2014: RMB1.26 cents).

The decrease in turnover was primarily attributable to the fact that on 13 October 2014, the Group disposed 55% equity interest of Sichuan Xintianjie Media Technology Development Co., Ltd., 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, the revenue from outdoor advertising media dissemination business, terminal dissemination service, outdoor advertising media production business and art trading business accounted for approximately 51.6% (2014: 57.62%), 33.26% (2014: 29.37%), 10.7% (2014: 12.76%) and 4.44% (2014: 0.25%), 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 2015 (2014: nil).

MEDIA DISSEMINATION BUSINESS

During the Period under Review, the Group’s outdoor advertising media dissemination business recorded a turnover of approximately RMB118,853,000, representing a decrease of approximately 23% over the same period last year and accounting for 51.6% 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, it contributed to the Group a turnover and a profit of approximately RMB52,530,000 and approximately RMB8,120,000 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 a total of 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 RMB76,604,000 representing an decrease of approximately 3% over the same period last year and accounting for approximately 33.26% 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 RMB24,670,000, representing a decrease of approximately 28% over the same period last year and accounting for approximately 10.7% of the Group’s total turnover.

During the period, the turnover of the Group’s art trading business was approximately RMB10,217,000, increased by approximately 1,434.1% as compared with the corresponding period of 2014, accounting for approximately 4.44% of the Group’s total turnover. Rapid growth in revenue was due to a series of cultural industry favorable policies promulgated by the State, such as the Guiding Opinions on Promoting Development of Featured Cultural Industry* (《關於推動特色文化產業發展的指導意見》) and the Opinions on Thoroughly Promoting Co-operation between Culture and Finance * (《關於深入推進文化金融合作的意見》), as well as various measures which fully promote the PRC cultural industry to achieve a forward-leaping development, and becoming a new economic growth point. As such, due to the favorable development momentum of PRC cultural industry, and the Group has been concentrated on operating in arts, arts derivatives and arts copyright development markets in recent years, which basically completed the layout of “From product, channel to capital”, and the proportion of art-related operation accounted for the Group’s operating revenue has been increasing. The Group also continued to upgrade its operating model, actively widen its operating channel, further thoroughly explore its clients and expand its market share.



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 promotes China’s painting and calligraphy art, brings 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.

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 (JULY TO SEPTEMBER 2015)

DAHE GROUP

July 2015

The “Ni Hao (你好)” series large-scale community event, which is planned by the Group, was awarded the “Jiangsu Star Public Relations Activity Planning Gold Prize”.

August 2015

Being the landscape and signboard building supplier for the stadium of the World Table Tennis Championships, the Group successfully accomplished all tasks with its extensive project experience and excellent professional ability and received a letter of acknowledgement from the Office of the 35th World Table Tennis Championships Organizing Committee.



The Group was awarded the honorary titles of “Top Ten Advertising Companies in Nanjing (南京市十強廣告公司)” and “Top 10 Best Public Service Advertising Enterprises in Nanjing (南京市十佳公益廣告企業)”.

CHAIRMAN

September 2015

He Chaobing, the Chairman, was engaged as a member of the First Nanjing University Innovation and Entrepreneurship Educational Expert Advisory Committee (第一屆南京大學創新創業教育專家諮詢委員會).

OUTLOOK

The media landscape today has entered the multi-screens era in which television, online video, mobile video, outdoor LED display and other new media constitute the mainstream media of the large video era. Better coordinated dissemination of outdoor media and other media is the key factor for improving the accuracy and enhancing the influence of outdoor media advertising. Furthermore, future outdoor media advertising will achieve more accurate dissemination effect through technology innovation and creative breakthroughs, while increasing interaction between outdoor media advertising and consumers as well as enhancing accurate dissemination of outdoor media advertising will become the key content requirement for favored outdoor advertisers in 2015. In recent years, consumers have spent more and more time outdoors and people travelled more conveniently and frequently. Outdoor advertising can achieve more breakthroughs as long as interaction and conversion rate can be enhanced using technologies.

Dissemination has entered the era of mixed media. Traditional radio-type media and print-type media incur increasing cost of dissemination with less and less ideal effect as they can easily be copied and replaced resulting in fierce competition. Through wide application of new technologies, competition among traditional media is intensifying and the pace of compatibility is accelerating, which is changing the landscape of the media. Outdoor media is increasingly favored by investors because it has exclusive strength in multi-dimensional space and the strongest compatibility and flexibility among all media. Accordingly, the Group’s strength of having a number of outdoor advertising boards is increasingly prominent.



FINANCIAL REVIEW

TURNOVER

During the Period under Review, the Group's turnover was approximately RMB230,344,000, representing a decrease of approximately 14% as compared with the corresponding period of 2014.

GROSS PROFIT

During the Period under Review, gross profit margin was approximately 38.6%, representing an increase of approximately 3.6% over 35% for the corresponding period of 2014.

DISTRIBUTION COSTS

During the Period under Review, distribution costs decreased by 20% as compared with the corresponding period of 2014.

ADMINISTRATION EXPENSES

During the Period under Review, administration expenses increased by 0.6% as compared with the corresponding period of 2014.

FINANCIAL EXPENSES

During the Period under Review, financial expenses were approximately RMB16,781,000, representing an increase of 24% as compared with the corresponding period of 2014.

DIVIDENDS

The Board does not recommend distribution of a quarterly dividend for the nine months ended 30 September 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. As at 30 September 2015, the Group has not yet 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 2015, net current asset was approximately RMB209,038,000 (As at 31 December 2014: approximately RMB113,211,000).

As at 30 September 2015, bank balance and cash held by the Group amounted to approximately RMB104,300,000, all of which were denominated in RMB. The Group's bank borrowings amounted to approximately RMB349,000,000, all of which were denominated in RMB and were payable within one year, and borrowings of approximately RMB349,000,000 were at a fixed interest rate of 6.26% per annum. Net debt to equity ratio was approximately 75.6%, i.e. the percentage of bank loans less bank balance and cash in net assets, amounting to approximately RMB323,719,000 (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, therefore, the Group has no exposure to foreign exchange risks (Corresponding period in 2014: Nil).

IMPORTANT INVESTMENT

During the Period under Review, the Group has no increase in important investment (Corresponding period in 2014: Nil).

IMPORTANT ACQUISITION AND DISPOSAL

During the Period under Review, the Group disposed of 90% equity interest in Nanjing Dahe Colour Printing Co., Ltd. (南京大賀彩色印刷有限公司) (For the corresponding period in 2014: 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) was acquired by the Group).

STAFF

As at 30 September 2015, the Group has about 520 full-time staff. During the Period under Review, cost of staff was approximately RMB30,650,000 (Corresponding period in 2014: approximately RMB33,690,000).

CONTINGENT LIABILITIES

As at 30 September 2015, the Group has no material contingent liabilities (30 September 2014: Nil).



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 at any time during the Period under Review.

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 2015, the interests and short positions of Directors, chief executives of the Company and 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:

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 Directors, chief executives or Supervisors of the Company is aware of any other Directors, chief executives or Supervisors 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 2015.

Save and except He Chaobing, who is the director of DIHG, none of the Directors or proposed Directors is a director or employee of a company which 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 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 in 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, 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 Domestic Shares.
2. Ms. Yan Fen is the wife of Mr. He Chaobing and is deemed to be interested in the shares in which Mr. He is interested under the provisions 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 September 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 September 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 in the Company 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 Hi-Tech Venture Capital Co., Ltd.	Beneficial owner	50,000,000 Domestic Shares (L) (Note 2)	8.62%	6.02%
Nanjing Pukou Chenwei Ink Factory* (南京市浦口晨威油墨廠)	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 in the Company.
2. Such interests in the domestic shares is 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 in the Company as recorded on 30 September 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, 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 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*