大賀傳媒股份有限公司

DAHE MEDIA CO., LTD.*

(a joint stock limited company established in the People's Republic of China with limited liability)

(Stock Code：8243)

2015

Annual Report

*For identification Purposes only

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Given the emerging nature of the companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded 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 annual report, for which the directors of Dahe Media Co., Ltd. collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM for the purpose of giving information with regard to Dahe Media Co., Ltd.. The directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this annual report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this annual report misleading.

This report is originally prepared in Chinese. Should there be any discrepancy, the Chinese version shall prevail.

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BOARD OF DIRECTORS

Executive directors
HE Chaobing
HUANG Hongxing (appointed on 23 December 2015)
LU Yin (resigned on 23 December 2015)

Non-executive directors
LI Huafei (resigned on 23 December 2015)
HE Lianyi
HE Pengjun
ZHANG Ge (appointed on 23 December 2015)
GENG Qiang (appointed on 23 December 2015)

Independent non-executive directors
YE Jianmei
GE Jianya
XU Haoran

AUDIT COMMITTEE
YE Jianmei
GE Jianya
XU Haoran

COMPANY SECRETARY
TSUI Kei Pang

AUTHORISED REPRESENTATIVES
HE Chaobing
LU Yin (resigned on 23 December 2015)
HUANG Hongxing (appointed on 23 December 2015)

COMPLIANCE OFFICER
HE Chaobing

REGISTERED OFFICE
Jianye District
No. 18 Jialingjiang East Street
Nanjing
The PRC

PRINCIPAL PLACE OF BUSINESS
5th Floor
Jardine House
1 Connaught Place
Hong Kong

AUDITOR
Baker Tilly Hong Kong Limited

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

PRINCIPAL BANKERS
China CITIC Bank (Yueyahu Branch)

HONG KONG SHARE REGISTRAR
Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17th Floor, Hopewell Centre
183 Queen's Road East
Hong Kong

WEB-SITE AND E-MAIL ADDRESS
web-site: http://www.dahe-ad.com
Email address: zhengq@dahe-ad.com

STOCK CODE
8243

On behalf of the Board of Directors (the "Board") of Dahe Media Co., Ltd. (the "Company"), I am pleased to present the annual report of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2015.

BUSINESS OVERVIEW AND REVIEW

The Group is mainly engaged in outdoor media dissemination, terminal dissemination services, outdoor advertising media production and trading of artwork. With its abundant outdoor media resources, the Group provides one-stop advertising service covering integrated marketing communication consultation, media publication strategy consultancy, advertising design and production, outdoor mass media dissemination as well as monitoring and evaluation. The media network covers most provinces and core cities across China in the primary forms of community media, outdoor billboards, large LED advertising screens and professional market media, etc. The Group owns the largest interactive marketing platform targeting the medium to high-end communities, which covers the major economically dynamic cities across China. The layout of self-owned community media resources extends to the first-tier cities including Beijing, Shanghai, Guangzhou and Shenzhen, covering many medium to high-end communities effectively and delivering services to the core consumers. The Group also intends to establish the community media platform network through constantly integrating community media resources across China, aiming to provide one-stop community media publication solution covering the whole country. The core business of terminal dissemination includes the establishment of terminal SI system, targeted signage system, terminal POP system, terminal props making, large events, exhibition display and commercial display. Trading of artwork involves identifying and discovering genuine artists, packaging of artists, compilation of online and offline promotion plans based on the positioning of the artists, as well as the development and sales of calligraphy and painting products and their derivatives.

For the year ended 31 December 2015, the Group's turnover amounted to approximately RMB459.04 million (2014: approximately RMB422.06 million). The increase in turnover was attributable to the Group's constant efforts in consolidating the community media resources across the country and the outdoor media resources according to customers' needs. During the year, profit attributable to shareholders increased by 64% to RMB21.99 million (2014: approximately RMB13.4 million). The basic earnings per share was approximately RMB2.6 cents (2014: RMB1.6 cents).

During the year, the Group's turnover derived from outdoor media dissemination, terminal dissemination, media production services and trading of artwork amounted to RMB281.21 million (2014: approximately RMB247.72 million), RMB127.81 million (2014: approximately RMB121.37 million) , RMB29.08 million (2014: approximately RMB50.76 million) and RMB20.94 million (2014: RMB2.21 million), representing 61.3%, 27.8%, 6.3% and 4.6% of the total turnover of the Group, respectively.

Currently, the Group has outdoor media dissemination resources of approximately 150,000 square meters, including billboards on expressways, billboards in urban areas and LED screens. The business coverage of self-owned media resources has extended to regions including Jiangsu, Zhejiang, Jiangxi, Liaoning, Anhui, Shanghai and Beijing. Meanwhile, the Group constantly integrates the outdoor billboard resources across China based on the needs of customers, and its media resources cover most provinces and core cities in China. This enables the Group to consolidate the available media resources in professional markets scattered cities of all levels across China to provide a diversified mix of publication solutions based on specific requirements of various customers in terms of timing and place of advertisement. The Group has made a great effort to tap the digital outdoor advertising field, and owns large full color outdoor LED screens of approximately 1,000 square meters in the prime core business district in Nanjing. Upholding the business philosophy of "creativity

+ interaction + technology", the Group is committed to providing efficient, personalized and flexible media publication solutions for the customers. Moreover, the Group also integrates the outdoor LED media resources scattered in tier two, three and four cities across China to establish the LED broadcast network, with an aim to provide customers with one stop outdoor LED publication solution across China with features of "low cost, extensive coverage and high efficiency". During the period, the average launching rate of the Group's outdoor media continued to remain at approximately 70%, with major customers from various industries such as fast-moving consumer goods, media, real estate, finance and tourism. The Group has maintained cooperation relationship with renowned enterprises including China Life, Wuzhen Travel, Bank of Jiangsu, China CITIC Bank, China Mobile, Nanjing Securities, Bank of Nanjing, Postal Savings Bank, Yingda Taihe Property Insurance, Wuliangye (五糧液) and Suning Electric (蘇寧).

In recent years, the development of new media brought opportunities and challenges to the traditional advertising industry. Its unique interactive mode and support of technologies greatly reduced the restrictions of the traditional media. The Group developed its community media which perfectly integrated brand marketing and community sales. The unique characteristics in technology, creativity and marketability appealed to advertising customers and consumers. Currently, the Group has approximately 8,000 community media, covering 9 million households with medium to high income levels in approximately 5,500 communities in cities such as Beijing, Shanghai, Guangzhou, Shenzhen, Nanjing, Hangzhou and Shenyang, and provides outdoor media dissemination resources of approximately 28,000 square meters. Meanwhile, the community media continued to focus on expansion into sectors including finance, tourism, telecommunications and fast-moving consumer goods. It has successfully signed cooperation agreements with Industrial and Commercial Bank of China, Suning Electric, Wuzhen Travel and Anhui Satellite TV, etc. It has also formed partnership with various famous domestic and international brands such as China Mobile, China Telecom, New City Real Estate (新城市置業), Construction Bank, China UnionPay, Shenzhen Media Group, Huangshan Travel and Jiuhuashan Scenic Area, etc. As the first brand name of the noble community media in China, this project brought a turnover of approximately RMB84.93 million and a profit of RMB10.82 million to the Group, representing a decrease of 7.6% and 12.4% respectively when compared with the same period of last year respectively.

The "terminal dissemination" service covers terminal survey, solution formation, creative design, implementation and promotion, and result evaluation so as to ensure that all communications reflect and represents the brand's core concept and appeal at the terminal. During the year, it continued to serve well-known brands such as Wuzhen Travel, Nike, JDB, COFCO Group, Yihai Kerry, Wal-Mart, CR Vanguard, Li Ning, KFC, LEE, Bridgestone, Beiqi Foton Motor Daimler, Samsung, Haohaizi, Kubota, GAP, Microsoft, Alibaba, Orient Securties, etc. Meanwhile, as the landscape and signage display service provider for the venue of the 53rd World Table Tennis Championships held in Suzhou, China in 2015 and leveraging on its rich experience in similar projects and outstanding expertise, the Group successfully accomplished all the tasks and received an appreciation letter from the Organization Committee Office of the 53rd World Table Tennis Championships.

As one of the leading advertising enterprises in China, Dahe has been adhering to the principles of "building an excellent team, creating fine media products, providing quality service" and offering quality advertising media package and diversified professional services to customers, and won general recognition and excellent comments in the market.

OUTLOOK

In 2015, the PRC government promulgated various supporting policies in respect of the culture industry, all of which were unprecedented in terms of scope, number, intensity and supporting strength. This indicates that as the PRC government places extreme emphasis on the development of the culture industry, it is accelerating the promotion of this industry into a pillar industry and aims to achieve the optimization and upgrading of the economic structure. In July, the Culture Property Office of Treasury Department printed and distributed the Notice on the Application for Special Funds for the Development of Culture Industry in 2015 (Cai Ban Wen Zi [2015] No. 2) (《關於申報2015年度文化產業發展專項資金的通知》 (財辦文資[2015]2號)), which was published on the official website of Treasury Department. In addition to a summary on the application and approval work of the previous years, the Notice specified the concrete requirements for such applications, emphasizing support for supporting plan for cultural industry, integration of cultural innovation and design services and the related industries, development of featured cultural industries, integrated development of traditional and new media. In order to implement the Guidance Opinion on the Promotion of Integrated Development of Traditional Media and New Media issued by the Secretary Bureau of the Central Committee of CPC and the General Office of the State Council, the integrated development of traditional media and new media was added as key supporting program.

Meanwhile, the PRC government expects that investments in the railway transportation sector alone shall exceed RMB1,000 billion before 2020. The increasing number of outdoor travelers and the increase in traveling frequency and time highlights the great commercial value of China's outdoor advertising media. The Group is confident about the future increase in its outdoor advertising business. Driven by both favorable national policies and stable growth in domestic demand, the Group will efficiently utilize outdoor space through technological innovation and breakthroughs in creativity which makes dissemination effect more precise.

In 2015, the global art trading market enjoyed prosperous development, with the annual transaction amount reaching USD16 billion, 30.2% of which was contributed by the mainland China, Hong Kong and Taiwan. Currently, the art market in China is moving forward on a stable track and gradually becoming mature, professional, international and diversified. As the group of artwork buyers in China grows rapidly and new growth points and focal points in the market become clear, the economic value of artworks in capital protection is enhanced. The strong market demand has fueled the development of the artwork market in China.

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. The Group aims to further expand its influence in the artwork market, laying a solid foundation for long-term growth.

ACKNOWLEDGMENT

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

By order of the Board
He Chaobing
Chairman

Nanjing, the PRC
24 March 2016

For the year ended 31 December 2015

(RMB)

	2015	2014
	RMB'000	*RMB'000*
Revenue	**459,036**	422,060
Profitability		
Profit from operating activities (Note)	**56,388**	58,020
Profit attributable to owners of the Company	**21,993**	13,396
Net Worth		
Equity attributable to owners of the Company	**328,951**	306,958
Per share		
Basic and diluted earnings per share (RMB)	**2.6 cents**	1.6 cents
Net assets per share attributable to owners of the Company (RMB)	**39.63 cents**	36.98 cents

FINANCIAL DIARY

Results for the year	Announcement on 24 March 2016
Annual report	Dispatched to shareholders in late March 2016

Note: Operating profit is profit before tax and finance costs

The directors present the audited consolidated financial statements for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The Group is principally engaged in the dissemination of outdoor advertising through ownership and leasing of outdoor advertising space, design and production of outdoor advertising products, provision of terminal dissemination service and trading of artwork.

BUSINESS REVIEW

For the year ended 31 December 2015, the Group's revenue amounted to approximately RMB459.04 million (2014: approximately RMB422.06 million), representing an increase of approximately 8% as compared to the same period of last year. With a higher demand from consumers for access of market information and an increased value of commercial media due to urban railway construction, the advantages of digital and video media of better technological support and energy efficiency and the Group's efforts in integrating community media resources and outdoor media resources across the country based on customer needs, the turnover of the Group stayed steady, with a slight increase. During the year, profit attributable to shareholders amounted to approximately RMB21.99 million (2014: approximately RMB13.4 million), representing an increase of approximately 64% as compared to the same period of last year. Earnings per share increased by 62.5% to RMB2.6 cents (2014: RMB1.6 cents).

The Group's turnover from outdoor advertising media dissemination, terminal dissemination service, outdoor advertising media production business and trading of artwork accounted for approximately 61.3% (2014: 58.7%), 27.8% (2014: 28.8%), 6.3% (2014: 12% and 4.6% (2014: 0.5%) of the Group's total turnover, respectively. The Board does not recommend the distribution of final dividend for the year ended 31 December 2015 (2014: nil).

Media Dissemination Business

For the year ended 31 December 2015, the Group's turnover from media dissemination business was approximately RMB281.21 million (2014: RMB247.7 million), representing a increase of approximately 13% as compared to the same period of last year and accounting for 61.3% of the Group's total turnover. Currently, the Group has outdoor media resources of approximately 150,000 square meters, and provides one-stop advertising service covering integrated marketing communication consultation, media publication strategy consultancy, advertising design and production, outdoor mass media dissemination, as well as monitoring and evaluation. The media network covers most provinces and core cities across China in the primary forms of community media, outdoor billboards, large LED advertising screens and professional market media, etc. During the period, the average launching rate of the Group's outdoor media remained at approximately 70%, with major customers from various industries such as fast-moving consumer goods, media, real estate, finance and tourism. The Group owns the largest interactive marketing platform targeting at medium and high-end communities, which covers all the major economically dynamic cities across China. The layout of self-owned community media resources extends to the first-tier cities including Beijing, Shanghai, Guangzhou and Shenzhen, covering effectively medium and high-end communities and delivering services to the core consumers. The Group also intends to establish the community media platform network through constantly integrating community media resources across China, aiming to provide the customers with one-stop full-coverage community media publication solution with integrated dissemination solution in different cities and at different timings based on the specific requirements of various customers. During the period under review, the community media continued to be well received and supported by customers and contributed to the Group's turnover and profit of approximately RMB84.9 million and approximately RMB10.8 million respectively. Currently, approximately 8,000 community media covering 9 million households with medium and high income in nearly 5,500 communities have been set up. The scope of coverage has been extended to cities including Beijing, Shanghai, Guangzhou, Nanjing, Shenzhen, Hangzhou, Shenyang and Hefei, and comprised approximately 28,000 square meters of outdoor media dissemination resources to the Group.

Meanwhile, the community media continued to focus on expansion into sectors including finance, tourism, communication and fast-moving consumer goods, successfully signed cooperation agreements with Industrial and Commercial Bank of China, Suning Electric, Wuzhen Travel and Anhui TV etc., and maintained its partnerships with various leading domestic and international brands such as China Mobile, China Telecom, New City Real Estate (新城市置業), China Construction Bank, China UnionPay, Shenzhen Media Group, Huangshan Travel and Jiuhuashan Scenic Area, etc. Outdoor media primarily includes billboards on expressways, billboards in urban areas and LED screens. The business coverage of self-owned media resources has extended to regions including Jiangsu, Zhejiang, Jiangxi, Liaoning, Anhui, Shanghai and Beijing. Meanwhile, the Group constantly integrates the outdoor billboard resources across China based on the needs of customers, and its agent media resources covers most provinces and core cities in China. This enables the Group to consolidate the available media resources in professional market media scattered in cities of all levels across China to provide a diversified mix of publication solutions based on specific requirements of various customers in terms of timing and place of advertisement. The Group has made great effort to tap the digital outdoor advertising field, and owns large full color outdoor LED screens of approximately 1,000 square meters in the prime core business district in Nanjing. Upholding the business philosophy of "creativity + interaction + technology", the Group is committed to providing efficient, personalized and flexible media publication solutions for customers. Moreover, the Group also integrates the outdoor LED media resources scattered in tier two, three and four cities across China to establish the LED broadcast network, with an aim to provide customers with one stop outdoor LED publication solution across China with features of "low-cost, extensive coverage and high efficiency".

Terminal Dissemination Service and Media Production

The core business of terminal dissemination includes the establishment of terminal SI system, targeted signage system, terminal POP system, terminal props making, large events, exhibition display and commercial display. The Group continued to further its "terminal dissemination service" business during the year, and recorded a total turnover of approximately RMB127.81 million (2014: RMB121,3 million), representing an increase of approximately 5.3% as compared to the same period of last year and accounting for approximately 27.8% of the Group's total turnover. "Terminal dissemination" continued to serve well-known brands such as Wuzhen Travel , Nike, JDB, CR Vanguard, LEE, Bridgestone, Beiqi Foton Motor Daimler, Samsung, Haohaizi, Kubota, GAP, Microsoft and Alibaba etc. In particular, as the landscape and signage display service provider for the venue of the World Table Tennis Championships and leveraging on its rich experience in similar projects and outstanding expertise, the Group successfully accomplished all the tasks and received an appreciation letter from the Organization Committee Office of the 53rd World Table Tennis Championships. Meanwhile, the Group became the service provider for the Taobao rural project launched by Alibaba Group, providing store image design and decoration services. During the period, the Group provided efficient and quality services for Alibaba Group across the country, ensuring shortest lead-time and widest service coverage to accommodate the needs of Alibaba for establishing new stores in the rural areas, which has received recognition and praise from the client. During the year, the turnover of the Group's media production business was RMB29.08 million (2014: RMB50.76 million), representing a decrease of approximately 42.7% as compared to the same period of last year and accounting for approximately 6.3% of the Group's total turnover.

Trading of artwork

During the year, the turnover of the Group's trading of artwork business was approximately RMB20.94 million (2014: RMB2.21 million), representing approximately 4.6% of the total turnover of the Group.

"Sina Jiangsu" website

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

Dahe Arts Gallery

With the mission of promoting China's painting and calligraphy art and bringing Chinese artists with good potential or proven skills to the global market and world class art galleries, Dahe Arts Gallery strives to become the global channel provider for trading of arts and the disseminator of Greater China cultures. Dahe Arts Gallery aims at identifying genuine artists, implements online and offline promotion based on the positioning of artists and carries out exhibit auctions of various sizes and the development of later period painting and calligraphy derivatives.

AWARDS AND HONOURS

The Chairman

During the year, our Chairman was awarded the title of "Top 10 Outstanding Entrepreneur Performing Social Responsibilities in 2014" granted by the "Research Center for Corporate Social Responsibility of Chinese Academy of Social Sciences of Xinhua Net, Xinhua News Agency". At the Sixth China Comprehensive Brand Management Forum and the sixth meeting of the first session of the Council of Jiangsu Brand Association, our Chairman Mr. He Chaobing was granted the honorary title of "Brand Innovator". Meanwhile, Mr. 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), and attended the Change of Session Ceremony of the Culture and Creative Industry Association of Cheung Kong Graduate School of Business and was elected as deputy secretary in December of the Association.

Dahe Group

The Group was awarded the honorary title of "enterprise credit rating certificate – AAA (企業資信等級證書-AAA級)" issued by the Jiangsu branch of Lianhe Credit Management Co., Ltd, a credit rating institution recognized by the headquarters of the People's Bank of China.

In March 2015, 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 became the sole community media service provider for 13 municipal tourism bureaus in Jiangsu province.

In May 2015, being resourceful in the media industry and renowned for services with 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)".

In 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)" awarded by the Organizing Committee of 2014 Nanjing Youth Olympic Games.

The "Ni Hao (你好)" series, a large-scale community event, which is planned by the Group, was awarded the "Jiangsu Star Public Relations Activity Planning Gold Prize" in July 2015 and was awarded the "PRC Community Advertisement Yellow River Price Outstanding Prize" in the 22th China International Advertising Festival in December 2015.

In August 2015, being the landscape and signboard display service 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 53rd World Table Tennis Championships Organizing Committee. Meanwhile, 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 Community Advertising Enterprises in Nanjing (南京市十佳公益廣告企業)".

SEGMENTAL INFORMATION

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

KEY RISKS AND UNCERTAINTIES

The financial conditions, results of operations, businesses and prospects of the Group may be affected by a number of risks and uncertainties. The followings are the key risks and uncertainties encountered by the Group. There may be other risks and uncertainties in addition to those shown below which are not known to the Group or which may not be material currently but could turn out to be material in the future.

(1) Operational Risk Arising from Macroeconomic Fluctuation

The growth rate and development level of the advertising industry largely depend upon those of the national and local macro economy and demonstrate prominently positive correlation with macroeconomic fluctuations. The rapid growth of China's macro economy for consecutive years has provided the economic foundation for the fast growth of China's advertising industry from an overall perspective. On the other hand, the global financial crisis from 2008 to 2009 dragged down the world's advertising expenditures. In particular, the decelerated growth of the PRC economy since 2013 has affected the domestic advertising industry as a whole. As such, any fluctuation in China's macro economy may result in risks associated with the media advertising industry and the operations of the Group.

(2) Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, personnel and systems or from external events. Responsibility for managing operational risks basically rests with divisions and departments of each function. The Group recognises that operational risks cannot be eliminated completely. The Group provides regulatory guidance for its operating procedures, limits of authority and reporting framework. The Internal Audit Department assesses key operational risks and reports such risk issues to the management as early as possible so that appropriate procedures can be taken.

(3) Management Risk

A high-calibre team is key to the development and growth of an enterprise. In particular, talents with combined expertise in creation and planning serve as an important guarantee to the consolidated and enhanced core competitive edges of advertising companies and the fundamental guarantee to their advertising business. Since its inception, the Company has been building a talent pool gathering a large number of outstanding management personnel and creative planning professionals from the management to ordinary employees in the industry. However, with the rapid business development of the Company and the society's growing demand for high-calibre talents, the flow of high-calibre talents has become increasingly frequent, which may result in shortage of the Company's high-calibre talents in research and development, creation, planning and management. If the Company fails to attract key talents in a timely manner, the research and development capability, creativity, planning capability and daily management will be affected to a certain extent.

(4) Market Risk

Development of mobile Internet enables people to access information anywhere and anytime. This gradually directs the way of information dissemination and duration of media consumption to mobile terminals; while on the other hand, excessive information and information explosion distract consumers' attention, and advertisements are hard to be remembered as they are increasingly diluted. In the context of universal mobile Internet, the traditional business model suffered to varying degrees in the "Internet +" age. In response to the changing market environment, advertising customers in the traditional industries have reduced their investment in advertising due to declining profitability. Contest for customer resources in the emerging industries represented by the Internet has become the future business trend in the advertising industry.

(5) Other Risks

For other financial risks and uncertainties, please refer to notes 43 and 45 to the consolidated financial statements.

DISCUSSION ON ENVIRONMENTAL POLICY AND PERFORMANCE

Environmental protection is inseparable from the Group's development. China is committed to the development of green transportation system. Rail transit enjoys various advantages such as large capacity, low emissions and low energy consumption. It is expected that the Chinese government will invest over RMB1 trillion in rail transportation sector alone by 2020. In view of the growing number of outdoor travellers and increased travel frequency and length of time, the Group is firmly confident in the future growth of the outdoor advertising business. While striving to comply with regulatory provisions on environmental protection, the Group will fully capitalise on the opportunities arising from environmental protection and travel to efficiently utilise outdoor space through technological innovation and creative breakthroughs, so as to make dissemination effect more precise.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group has complied with the Advertising Law (《廣告法》), the Outdoor Advertising Law (《戶外廣告法》) and the Outdoor Advertising Registration Management Regulation (《戶外廣告登記管理規定》) of the PRC and has not violated provisions of the relevant laws and regulations.

FUTURE SIGNIFICANT INVESTMENT PLANS AND EXPECTED SOURCE OF FUNDS

The Group will continue to enhance the innovative capability and profitability of its existing business, particularly the extensive and in-depth promotion of its community media, so as to increase its market share. As at 31 December 2015, the Group did not hold any significant investment and consider or formulate any new significant investment plans.

MATERIAL DISPOSAL

On 21 August 2015, the Group disposed of its 90% equity interests in Nanjing Dahe Colour Printing Co., Ltd. (南京大賀彩色印刷有限公司) to Mr. Lu Xiaolin, an independent third party, for a consideration of approximately RMB20,140,000. Details of the disposal is set out in note 36 to the consolidated financial statements.

OUTLOOK

For details on the future plan and development of the Group, please refer to the section headed "Outlook" in the Chairman's Statement.

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 December 2015 and the Group's affair position at that date are set out in the consolidated financial statements on pages 49 to 51.

The Board does not recommend the distribution of final dividend for the year ended 31 December 2015 (2014: nil).

KEY RELATIONSHIP WITH ITS EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group maintained good relationship with its employees and the staff team remained relatively stable. The Group has established good cooperation relationship over the years with its major customers such as Carrefour, Wal-Mart, Industrial and Commercial Bank of China and Wuzhen Travel. During the year, the Group's largest customer and the five largest customers accounted for approximately 8% and 24% (2014: 6% and 27%) of the Group's turnover respectively. The Group's largest supplier and five largest suppliers accounted for approximately 6% and 23% (2014: 2% and 8%) of the Group's purchases, respectively.

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

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited consolidated financial statement and restated/reclassified as appropriate, is set out on pages 125 to 126. The summary does not from part of the audited consolidated financial statements.

ANALYSIS ON KEY FINANCIAL PERFORMANCE INDICATORS

Please refer to the disclosure below in this Report of the Directors.

INCOME TAX

Pursuant to the Corporate Income Tax Law of the PRC ("CIT"), the CIT is calculated on the estimated assessable profits at 25%. According to the relevant laws and regulations of the PRC, the Company is qualified as a high new technology enterprise. Therefore, the Company is eligible for a preferential enterprise income tax rate of 15% for the year ended 31 December 2015, while the subsidiaries of the Company are subject to a CIT rate of 25%. CIT for 2015 was approximately RMB13.15 million, and in 2014 it was approximately RMB13.32 million.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2015, trade and other payables increased to approximately RMB78.85 million from approximately RMB51.27 million in 2014. Trade and note receivables increased to approximately RMB280.41 million from RMB241.74 million in 2014.

As at 31 December 2015, bank balances and cash and pledged bank deposits held by the Group amounted to approximately RMB117.05 million; bank borrowings amounted to approximately RMB336.5 million; and finance lease payables amounted to approximately RMB15.3 million. Net debt-to-adjusted capital ratio was approximately 41.6%, being the percentage of bank borrowings and finance lease payables less bank balances and cash and pledged bank deposits over equity attributable to owners of the Company and net debt of approximately RMB563.67 million. The Group controlled our capital based on the net debt-to-adjusted capital ratio, and implemented solid financial policy to safeguard liquidity to satisfy its operational needs.

As at 31 December 2015, an amounted of RMB336.5 million (2014: RMB297.5 million) of the bank loans were at fixed interest rate ranging from 5.0% to 7.5% (2014: 6.0% to 7.8%), and the remaining were at floating interest rate ranging from 5.4% to 5.6% (2014: 6.0% to 7.2%). As at 31 December 2015, approximately 100% (2014: 100%) of the bank loans were denominated in Renminbi. A summary on the maturity of the bank loans is set out in note 31 to the consolidated financial statements.

As at 31 December 2015, all of the cash and cash equivalents were denominated in Renminbi.

Profit attributable to shareholders of the Company was approximately RMB21.99 million, an increase of 64% as compared with approximately RMB13.4 million for the last year.

SELLING AND DISTRIBUTION EXPENSES AND ADMINISTRATIVE EXPENSES

During the year, selling and distribution expenses and administrative expenses were approximately RMB85.49 million, while in 2014, they were approximately RMB121.88 million.

FINANCE COSTS

During the year, finance costs were approximately RMB21.28 million, while in 2014 they were approximately RMB19.82 million.

NON-CONTROLLING INTERESTS

At 31 December 2015, non-controlling interests amounted to approximately RMB0.41 million, while in 2014 they were approximately RMB2.8 million.

FOREIGN EXCHANGE RISKS

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

ASSETS

For the year ended 31 December 2015, the net current assets of the Group were approximately RMB186.71 million, and net assets were approximately RMB329.36 million. In 2014, they were approximately RMB113.21 million and approximately RMB309.76 million, respectively.

CHARGES ON THE GROUP'S ASSETS

As at 31 December 2015, the bank deposits of the Group of RMB50 million (2014: RMB10 million) were pledged as security for the Group's borrowings.

CONTINGENT LIABILITIES

As at 31 December 2015, the Group had no material contingent liabilities (2014: nil).

FINANCIAL GUARANTEE LIABILITIES

At 31 December 2015, the Group provided guarantees of RMB15 million (2014: RMB5 million) to the holding company of the Company for its bank borrowings.

SHARE CAPITAL

There was no movement in registered, issued and fully paid capital of the Company during the year. Details of the share capital are set out in note 32 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the People's Republic of China which would oblige the Company to offer new shares on a pro rata basis to existing shareholders according to their respective shareholding.

RESERVES

Details of movements in reserves of the Group during the year are set out in the consolidated statement of changes in equity and note 33 to the consolidated financial statements, respectively.

DISTRIBUTABLE RESERVES

At 31 December 2015, the Company's reserves available for distribution or distribution in specie amounted to approximately RMB166.98 million (2014: RMB146.91 million).

PURCHASE, SALE OR REDEMPTION OF SHARES

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

DIRECTORS

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

Executive directors:

HE Chaobing
LU Yin (resigned on 23 December 2015)
HUANG Hongxing (appointed on 23 December 2015)

Non-executive directors:

LI Huafei (resigned on 23 December 2015) (note)
HE Lianyi
HE Pengjun
ZHANG Ge (appointed on 23 December 2015)
GENG Qiang (appointed on 23 December 2015)

Independent non-executive directors

YE Jianmei
GE Jianya
XU Haoran

Note: Mr. Li Huafei is the director representative designated by Nanjing Hi-tech Venture Capital Co., Ltd.. Since Nanjing Hi-tech has sold the shares held by it in the Company, Nanjing Hi-tech will no longer appoint candidate to serve on the Board of the Company, therefore Mr. Li resigned as an non-executive director.

The Company has received annual confirmation of independence from Mr. Ge Jianya, Ms. Ye Jianmei and Mr. Xu Haoran and still considers them to be independent as at the date of this annual report.

PARTICULARS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Details of biographies of the Company's directors, supervisors and the senior management are set out on pages 32 to 34 of this annual report.

EMOLUMENTS OF DIRECTORS, SUPERVISORS AND THE FIVE HIGHEST PAID INDIVIDUALS

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

EMPLOYEES

As at 31 December 2015, the Group has a total of approximately 550 full-time staff (2014: 590 full-time staff). Staff cost for the year amounted to approximately RMB38.37 million (2014: RMB42.3 million). During the year, the Group regularly provided training and development programs to the staff. Certain Directors, management and core employees of the Group were invited to participate in the Management Share Purchase Scheme (as disclosed in the section headed "Management Share Purchase Scheme" below).

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

REMUNERATION POLICY OF THE GROUP

The Group provides competitive salary and benefits to our employees. The amount of remuneration for the Directors or the employees is determined according to their relevant experience, responsibilities, work duties, years of service in the Group and their work performance. The non-monetary benefits are determined by the Board and are provided in the remuneration package of the Directors or the employees. Salary package is reviewed regularly each year.

EMPLOYEES' PENSION SCHEME

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

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

Each of the executive Directors (except Huang Hongxing) and Supervisors has entered into a service contract with the Company with effect from 1 January 2015 for a term of three years. Huang Hongxing, an executive Director, has entered into a service contract with the Company for a term commencing from 23 December 2015 and ending on 31 December 2017.

Each of the non-executive directors and independent non-executive directors will be paid a fixed amount of director's fee per annum. Details on the office terms of each of the non-executive Directors and independent non-executive Directors are set out in the section headed "Independent Non-executive Directors" in the Corporate Governance Report.

As at 31 December 2015, none of the Directors or Supervisors has entered into any service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in note 40 to the consolidated financial statements and under the section "CONTINUING CONNECTED TRANSACTION", no Directors or any entity in connection with such Directors had a significant beneficial interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company, its holding company or any of its subsidiaries or fellow subsidiaries were involved or were a party during the year.

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Except the Management Share Purchase Scheme, at no time during the year were the Company, its holding company or their respective subsidiaries a party to any arrangements to enable the Directors and Supervisors of the Company to acquire benefits by means of acquisition of shares in or debenture of the Company or any other body corporate.

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

A. Directors, chief executives and Supervisors

As at 31 December 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 *(Note 1)*	Capacity	Number and class of securities *(Note 2)*	Approximate percentage of shareholding in the relevant class of securities	Approximate percentage of shareholding in the issued share capital of the Company
He Chaobing	Interest of a controlled corporation (Note 3)	418,000,000 Domestic Shares (L)	72.07%	50.36%
Zhang Ge	Beneficial owner	71,800,000 Domestic Shares (L)	12.37%	8.66%
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" or "Dahe Investment") which was 99% and 1% owned by Mr. He Chaobing and Ms. Yan Fen, spouse of Mr. He, respectively. As disclosed in the announcement of the Company dated 25 November 2015, each of Dahe Investment and Nanjing Pukou Chenwei Ink Factory ("Chenwei Ink Factory") (as vendors) entered into a share transfer agreement with Nanjing Shengshi Huacheng Investment Management Joint Enterprise (limited partnership) ("Shengshi Huacheng") (as purchaser) on 25 November 2015, to transfer 24,050,000 and 30,000,000 domestic shares of the Company respectively to Shengshi Huacheng as the Scheme Shares for the Share Purchase Scheme. As at the date of this report, the transfer is conditional on the completion of approval procedures in the PRC.

(ii) the associated corporations

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

Notes:

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

Save as disclosed above, none of the Directors or chief executives of the Company is aware of any other Directors or chief executives of the Company who has any interests or short positions in any Shares and underlying shares in, and debentures of, the Company or any associated corporation as at 31 December 2015.

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

B. Substantial Shareholders

As at 31 December 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 5% 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	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	Beneficial owner	418,000,000 Domestic Shares (L) *(Note 2)*	72.07%	50.36%
Yan Fen	Interest of spouse *(Note 3)*	418,000,000 Domestic Shares (L)	72.07%	50.36%

Notes:

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

2. As disclosed in the announcement of the Company dated 25 November 2015, each of Dahe Investment and Nanjing Pukou Chenwei Ink Factory ("Chenwei Ink Factory") (as vendors) entered into a share transfer agreement with Nanjing Shengshi Huacheng Investment Management Joint Enterprise (limited partnership) ("Shengshi Huacheng") (as purchaser) on 25 November 2015, to transfer 24,050,000 and 30,000,000 domestic shares of the Company respectively to Shengshi Huacheng as the Scheme Shares for the Share Purchase Scheme. As at the date of this report, the transfer is conditional on the completion of approval procedures in the PRC.

3. 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 provision of Divisions 2 and 3 of Part XV of the SFO.

Save as the disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company which will have to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO as at 31 December 2015.

C. Other persons who are required to disclose their interests pursuant to divisions 2 and 3 of part XV of the SFO

As at 31 December 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
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) *(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) *(Note 3)*	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 are 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公司), a subsidiary of Nanjing State-owned Assets Investment Management Holdings (Group) Co., Ltd.

   As disclosed in the announcements of the Company dated 30 September 2015 and 6 November 2015 respectively, the transfer by Nanjing Hi-tech Venture Capital Co., Ltd. of its holding of 50,000,000 domestic Shares to Wang Qinghua by public tender had been approved by the State-owned Assets Supervision & Administration Commission of Jiangsu Province and had been approved by the relevant state-owned assets supervision & administration authority. As at the date of this report, the transfer is conditional on the completion of registration procedures with the Administration for Industry and Commerce in the PRC.

3. As disclosed in the announcement of the Company dated 25 November 2015, each of Dahe Investment and Chenwei Ink Factory (as vendors) entered into a share transfer agreement with Shengshi Huacheng (as purchaser) on 25 November 2015, to transfer 24,050,000 and 30,000,000 domestic shares of the Company respectively to Shengshi Huacheng as the Scheme Shares for the Share Purchase Scheme. As at the date of this report, the transfer is conditional on the completion of approval procedures in the PRC.

Save as disclosed above, no other person/entity had an interest or a short position in the Shares and underlying Shares as recorded on 31 December 2015 in the register required to be kept under section 336 of the SFO.

MANAGEMENT SHARE PURCHASE SCHEME (THE "SHARE PURCHASE SCHEME")

In order to reward the existing management of the Group for their contributions and to encourage and maintain a long-term service relationship between the Company and the management, on 30 October 2015, the Company adopted the Share Purchase Scheme. According to the Share Purchase Scheme, Shengshi Huacheng, a limited partnership newly established for the Share Purchase Scheme and owned by the eligible participants of the Share Purchase Scheme ("Eligible Participants"), would purchase the shares in the Company (the "Scheme Share") from Dahe Investment and Chenwei Ink Factory at a price made with reference to the net asset value per share as set out in the 2014 annual report of the Company, i.e. HK$0.462 per Scheme Share.

The purpose of the Share Purchase Scheme is to allow the Group to share its future value and growth with the Eligible Participants and align the personal interests of the Eligible Participants with those of the Company and its shareholders, which will facilitate the Group's future success and development.

The operation of the Share Purchase Scheme is as follows:

- The Eligible Participants fund the establishment of Shengshi Huacheng with its own capitals as the platform for acquiring, holding and selling the Scheme Shares. Shengshi Huacheng is a limited partnership established by 48 Eligible Participants in accordance with the laws of the PRC and with their own funds, in order to directly acquire and hold the Scheme Shares. Amongst the 48 Eligible Participants, eight are the directors or supervisors of the Company and its subsidiaries holding approximately 47.3% of the ownership of Shengshi Huacheng in total.

- Shengshi Huacheng will use the capital contributed by the Eligible Participants. On 25 November 2015, Shengshi Huacheng entered into formal share transfer agreement with Dahe Investment and Chenwei Ink Factory to purchase 24,050,000 Shares and 30,000,000 Shares from Dahe Investment and Chenwei Ink Factory respectively as the Scheme Shares, at a price of HK$0.462 per Scheme Share, representing approximately 6.51% of the total issued share capital of the Company in total.

- After Shengshi Huacheng completes the acquisitions of the Scheme Shares, it will become the registered holder of the Scheme Shares and hold the Scheme Shares on behalf of its partners (i.e. the Eligible Participants). And the Eligible Participants will indirectly acquire and jointly and beneficially hold the Scheme Shares through directly holding Shengshi Huacheng.

- After the expiration of the lock-up period and subject to the PRC government's policy of restricting the liquidity of the Domestic Shares, upon the approval of the Eligible Participants representing more than two thirds of the capital contributions, each year Shengshi Huacheng can sell freely not more than one third of the Scheme Shares it holds under the Share Purchase Scheme, and the profits arising thereof will be allocated in proportion to the capital contribution by the Eligible Participants. Shengshi Huacheng will also distribute other dividends and proceeds from the Scheme Shares (if any) to the Eligible Participants from time to time in proportion to their capital contributions.

- If the Eligible Participants terminate their employment relationship with the Group, the Eligible Participants leaving office shall transfer all the shares they hold in Shengshi Huacheng to other Eligible Participants.

- Shengshi Huacheng is managed by Mr. Huang Hongxing, a general partner. Pursuant to Shengshi Huacheng's partnership contract, the general partner is responsible for managing the daily operations of Shengshi Huacheng, except some material matters (including the sale and transfer of the Scheme Shares held under the Share Purchase Scheme) will be subject to approvals from partners who made more than two thirds of the capital contributions. The Group will not involve in the management and daily operations of Shengshi Huacheng and the management and daily operations of Shengshi Huacheng will be independent of the Group.
- The Scheme Shares will rank pari passu in all respects with all other domestic Shares in issue and with each other and have the same rights, including voting rights and the right to receive dividends.

During the year, five of the Eligible Participants are Directors or supervisors of the Company, in aggregate holding approximately 41.755% equity interests in Shengshi Huacheng:

Name of Eligible Participants	Capacity	Amount of contribution (RMB)	Percentage of contribution (%)
Huang Hongxing	Director	4,751,000	23.755
Lu Yin (resigned on 23 December 2015)	Director	1,000,000	5.000
He Lianyi	Director	2,300,000	11.500
Wang Mingmei	Supervisor	100,000	0.500
Xue Guiyu	Supervisor	200,000	1.000

On 31 December 2015, the purchase of the Scheme Shares by Shengshi Huacheng was conditional upon the completion of approval procedures in the PRC.

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.

AUDIT COMMITTEE

The Audit Committee has reviewed the annual results of the Group for the year ended 31 December 2015, and believes that the results is prepared according to relevant accounting standards, Rules Governing the Listing of Securities on the GEM and other statutory requirements with adequate disclosure.

CONTINUING CONNECTED TRANSACTIONS

During the year, the Group had undertaken certain continuing connected transactions and had been in compliance with the disclosure requirements of Chapter 20 of the GEM Listing Rules. The continuing connected transactions set out in the following (B) are subject to the reporting and announcement requirements only but exempt from the independent shareholders' approval requirement. The continuing connected transactions set out in (A) and (C) are subject to the reporting, announcement and the independent shareholders' approval requirement. These transactions were approved by the independent shareholders at the annual general meeting held on 30 June 2015.

The Board has approved and the independent non-executive Directors has reviewed the continuing connected transactions of the Company in 2015 and confirmed that such continuing connected transactions were entered into:

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

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

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

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

Baker Tilly Hong Kong Limited ("Baker Tilly"), the Company's auditors, had been engaged to report on the Group's non-exempted continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements other than Audits or Reviews or Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. Baker Tilly have issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed above by the Group. Baker Tilly has confirmed the matters under Rule 20.54 of the GEM Listing Rules and copy of the auditors' letter has been provided by the Company to the Stock Exchange.

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

Parties	:	(i) the Company (ii) Nanjing Dahe Decoration, a company which is owned as to 90% by Dahe Investment Holdings Group Co., Ltd. ("Dahe Investment") and 10% by Ms. Yan Fen, the spouse of Mr. He Chaobing.
Date	:	20 May 2015
Agreement	:	Pursuant to the Engineering Agreement, the Group has agreed to engage Nanjing Dahe Decoration to construct and install poles, frames or other outdoor advertisement fixtures and to provide other decoration services as required by the Group for a term commencing from 1 July 2015 to 31 December 2017.
Transaction reasons	:	The Group does not possess the relevant resources, qualifications and expertise for construction of outdoor advertisement fixtures. As the Company does not have the equipment and ability to construct poles and, if they are constructed by Nanjing Dahe Decoration, the Company will be able to have better control on their quality. At the same time, it will reduce uncertainties during the process of the transaction and transaction costs, thereby facilitating the Company to achieve its overall strategic objectives. Taking into account the resources that the Group has to commit to the construction and installation of poles, frames or other outdoor advertisement fixtures and the construction of outdoor advertisements on site, the Directors consider that it is most cost efficient and in the best interest of the Group to continue to engage Nanjing Dahe Decoration to perform such works so that the Group is able to gather its resources to develop the business of design, production and dissemination of outdoor advertisements. As both the Company and Nanjing Dahe Decoration have full understanding of each other, it can reduce transaction costs and time as well as improve operation efficiency. The specialized division of the internal organization makes the technology options of internal members and personnel combination specialized, which also can save labour time.

Pricing policy	:	The service fees payable by the Group shall be determined on a case by case basis and on such terms of agreements to be entered into between the Company and Nanjing Dahe Decoration after arm's length negotiation, provided that (i) the transactions contemplated under the Engineering Agreement shall be conducted at fair market price and on normal commercial terms, and (ii) the service fees charged by Nanjing Dahe Decoration is no more than the service fees offered by other independent suppliers to the Company. The service fees to be charged by Nanjing Dahe Decoration for each project shall be determined with reference to (i) the complexity of the project, (ii) the urgency of the project, (iii) the amount of resources required to complete the project, (iv) the amount of time required to complete the project and (v) the number, seniority and experience of staff involved in the project.
Payment term	:	The payment term for the fees to be paid by the Group to Nanjing Dahe Decoration in respect of the services provided by Nanjing Dahe Decoration will vary from case to case depending on the terms of the agreements to be entered into between the Group and Nanjing Dahe Decoration for each project. In general, however, the Group will pay 30% of the fees to Nanjing Dahe Decoration upon the signing of the agreement and the remaining sum will be paid to Nanjing Dahe Decoration immediately after the completion and acceptance of the services provided by Nanjing Dahe Decoration.
Annual cap and transaction amount in 2015	:	The annual cap for the year ended 31 December 2015 is RMB24,000,000 and the actual transaction amount under the Engineering Agreement in 2015 is RMB nil.

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

Parties	:	(i) the Company (ii) Dahe Investment (iii) Mr. He Chaobing
Date	:	20 May 2015
Agreement	:	Pursuant to the Production Service Agreement, Dahe Investment and Mr. He Chaobing have agreed to engage and procure their respective associate companies to engage the Group to provide advertising production services (including design, production and dissemination services) for a term commencing from 1 July 2015 to 31 December 2017.
Transaction reasons	:	While Dahe Investment is also engaged in design and production of advertisements, it does not have any outlets in respect of its advertisement designs and productions. To better cater for the needs of its customers, Dahe Investment engages the Group and other parties to provide advertising production services, including dissemination of outdoor advertisements. Moreover, the Company provides a variety of production services and various means of advertising. Advertisements produced by the Company are highly competitive in terms of both integrated services and product quality. On the other hand, the Directors consider that it is in the best interest of the Group to secure sales from Dahe Investment so that the Group will have a secured and stable source of income.
Pricing policy	:	The advertisement production fees shall be determined on a case by case basis and on such terms of agreements to be entered into between the Company and Dahe Investment or the relevant party (being the associate companies of Dahe Investment or Mr. He Chaobing) after arm's length negotiation, provided that the transactions contemplated under the Production Service Agreement shall be conducted at fair market price and on normal commercial terms and the service fees charged by the Group to Dahe Investment is no less favourable to the Group than the service fees the Group would charge other independent customers. The advertising production fees to be charged by the Group for each project shall be determined with reference to (i) the complexity of the project, (ii) the urgency of the project, (iii) the amount of resources required to complete the project, (iv) the time required to complete the project and (v) the number, seniority and experience of staff involved in the project.

Payment term	:	The payment term for the fees to be paid by Dahe Investment or the relevant party (being the associate companies of Dahe Investment or Mr. He Chaobing) to the Group in respect of the advertising production services provided by the Group will vary from case to case depending on the terms of the agreements to be entered into between the Company and Dahe Investment or the relevant party for each project. In general, however, Dahe Investment or the relevant party will pay 30% of the fees to the Group upon the signing of the agreement and the remaining sum will be paid to the Company immediately after the completion and its acceptance of the services provided by the Group.
Annual cap and transaction amount in 2015	:	The annual cap for the year ended 31 December 2015 is RMB7,000,000 and the actual transaction amount under the Production Service Agreement in 2015 is approximately RMB2,042,000.

FINANCIAL ASSISTANCE

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

The Company and Dahe Investment have entered into a Master Guarantee Agreement on 20 May 2015. Pursuant to the Master Guarantee Agreement, the Company has agreed conditionally and on a non-commitment basis, to provide guarantee to any third party in respect of loan granted to Dahe Investment and its subsidiaries for a revolving amount not exceeding RMB80,000,000 for each of the three financial years ending 31 December 2017. In other words, the maximum liability of the Group throughout each of the financial years ending 31 December 2015, 2016 and 2017 under the Master Guarantee Agreement will not be more than RMB80,000,000. In case Dahe Investment and/or its subsidiaries fail to repay any loan, which will be guaranteed by the Company, the Company will repay such loan out of its internal resources.

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

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

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

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

The fee for the issue of guarantee of 4% has been determined with reference to (i) the market rate of the issue of enterprise loan guarantee of 3.5% in the PRC; (ii) the administrative fees and risk of financial assistance provided by the Group; (iii) the rate of 4% under the Master Guarantee Contract.

It is common practice for banks or any third party requiring guarantee or security to be provided as security for provision of loans. The Company does not have any landed property for such purposes so the Company has difficulty in providing security for obtaining finance for its operation. To enhance the ability of the Company to obtain loans, which will be utilised by the Company as its general working capital, the Group requests (as the parent company of the Company) and Dahe Investment agrees to provide guarantee of a maximum amount of RMB300,000,000 in securing the payment obligations of the Group in relation to loans advanced to the Group whenever required by the lenders.

In return, the Company has agreed to provide guarantee for Dahe Investment and its subsidiaries under the Master Guarantee Agreement. To protect the Company's interests, under the Master Guarantee Agreement, the Financial Assistance is made on a non-commitment basis and the Company is not obliged to provide such guarantee if it considers inappropriate to do so. Having considered the Company's obligations under the Master Guarantee Agreement and the necessity of the financial assistance from Dahe Investment, the Company consider the Master Guarantee Agreement beneficial to the Group and the shareholders as a whole.

Although the financial assistance is provided in return for the financial assistance provided by Dahe Investment to the Group, it is the understanding of the parties that the Group will continue to provide the financial assistance to Dahe Investment for the three years ending 31 December 2015, 2016 and 2017 even if all of the financial assistance guarantees given by Dahe Investment to the Group's lenders were released at a point of time. It is because the purpose of the arrangement is to enable Dahe Investment or the Group to secure financings at reasonable costs by agreeing to provide guarantees to the loans of each other during the term. If the financial assistance is made conditional on the existence of Dahe Investment's guarantees or vice versa and the Group discontinues the provision of financial assistance to Dahe Investment because the financial assistance guarantees given by Dahe Investment to the Group's lenders were released or vice versa, the benefits of the entire arrangement will be seriously undermined. However, the Board considers that the interests of the Group is sufficiently safeguarded by retaining the right of refusal under the Master Guarantee Agreement.

The maximum daily balance (together with interest/fee), i.e. the annual caps, for the transactions under the Master Guarantee Agreement are RMB83,200,000 for the three financial years ending 31 December 2017. The difference between the annual cap and the maximum amount guaranteed by the Group for the respective financial year represents the return, including the fee and interest (if any), received by the Group for the issue of guarantee. Throughout the year 2015, the transactions under the Master Guarantee Agreement have not exceeded the annual cap and the maximum balance together with interests/fee amounted to approximately RMB27,253,000.

CORPORATE GOVERNANCE

A report on the principal corporate governance practices adopted by the Company is set out on pages 35 to 46 of the annual report.

AUDITOR

On 17 February 2015, BDO Limited resigned as auditors of the Company. Baker Tilly Hong Kong Limited was appointed by the Board of Directors as auditors of the Company to fill the casual vacancy so arising, the re-appointment of the same was subsequently approved by shareholders of the Company at the annual general meeting of the Company held on 30 June 2015. Baker Tilly will retire at the close of the forthcoming annual general meeting and being eligible, will offer themselves for re-appointment as auditors of the Company.

PUBLIC FLOAT

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

By Order of the Board

He Chaobing
Chairman

Nanjing, the PRC
24 March 2016

TO ALL SHAREHOLDERS,

In compliance with the relevant provisions and requirements of the Company Law and the Articles of Association, the Supervisory Committee of Dahe Media Co., Ltd. (the "Supervisory Committee") discharged its relevant duties in 2015. The Supervisors attended all Board meetings, reviewed the relevant financial statements of the Company, and gave opinions and proposals on the problems reflected in the Company's operation management.

The Supervisory Committee made supervisions on the discharge of corporate duties by the Directors and senior management in compliance with the laws and regulations of the State and the Company's Articles of Association, as well as the legal procedures for the changes of the Directors. The Supervisory Committee considers that none of the Directors and managers have been discovered to be in violation of the laws, regulations of the State and the Company's Articles of Association in 2015.

The Supervisory Committee considers that resolutions of the Board meetings held in 2015 have better protected the interests of the Company, and the audit report issued by Baker Tilly Hong Kong Limited in Hong Kong truly, objectively and accurately reflected the Group's and the Company's financial situations.

The Supervisory Committee is satisfied with the various tasks accomplished and progress of the Company in 2015, and is confident about the prospects of the Company's future developments.

By Order of the Supervisory Committee

Wang Mingmei
Chairman

Nanjing, the PRC,
24 March 2016

DIRECTORS

Executive Directors

He Chaobing (賀超兵), male, aged 56, founder of Dahe Group and a senior economist. He graduated from Cheung Kong Graduate School of Business (CKGSB) and the School of Business of Nanjing University, with a master's degree. He is the secretary-general of Jiangsu Alumni Association of CKGSB. He is currently an executive Director and Chairman of the Group, deputy head of China Advertising Association , member of the Nanjing Municipality People's Political Consultative Conference (中國人民政治協商會議), deputy director member of the internet finance business committee of Internet Society of Jiangsu Province (江蘇省互聯網協會), deputy head of Nanjing Industrial and Commercial Union (Trade Union) (南京市工商聯合會 (商會)). Mr. He Chaobing is Mr. He Pengjun's father and Mr. He Lianyi's brother. Mr. He is also a director of DIHG and beneficially owns 99% equity interest in DIHG, the controlling shareholder of the Company.

Huang Hongxing (黃洪興), male, aged 37, currently the Chief Executive Officer of Dahe Group. He graduated from the EMBA program at Fudan University with a master's degree. Mr. Huang joined Dahe Group in 1999. He was the general manager of the Hangzhou branch and the Shanghai branch of Dahe Group, the general manager of Shanghai Dahe Yasi Advertising Co., Ltd. and the vice president of Zhizuo sales department. He has engaged in the operation of the Company and its subsidiaries, and is deputy director of the Outdoor Advising Summit of China Advertising Association. Mr. Huang has extensive experience in customer base development and execution management. Mr. Huang Hongxing is a general partner of Shengshi Huacheng (the platform established by the Eligible Participants with their own capitals pursuant to the Share Purchase Scheme for acquiring, holding and selling the Scheme Shares), and is responsible for the management of Shengshi Huacheng. Mr. Huang beneficially owns 23.755% equity interest in Shengshi Huacheng.

Non-executive Directors

He Lianyi (賀連意), male, aged 64, an experienced manager in the production of outdoor advertisements. He is currently a non-executive Director of Dahe Group, and the general manager of Nanjing Dahe Decoration Engineering Co., Ltd.. Mr. He has been a non-executive director of the Group since December 2000. Mr. He Lianyi is Mr. He Chaobing's brother and Mr. He Pengjun's uncle.

He Pengjun (賀鵬君), male, aged 31, graduated from Business Faculty of the University of Hertfordshire. He has been working for A.O. Smith as Management Trainee since 2008 and resigned in 2009. He has been a non-executive director of the Group since 20 May 2009. Mr. He Pengjun is Mr. He Chaobing's son and Mr. He Lianyi's nephew.

Geng Qiang (耿強), male, aged 38, has been appointed as a non-executive director of the Company since 23 December 2015. Mr. Geng obtained a doctoral degree in economics at Nanjing University in the PRC in 2004. He is currently the deputy secretary of the Professional Committee of County Economy of the Chinese Society of Regional Economy (中國區域經濟學會縣域經濟專業委員會), the director of the China Industrial Economic Society (中國工業經濟學會) and the Chinese Association of Quantitative Economics (中國數量經濟學會) and a committee member of the Youth Federation of Jiangsu Province (江蘇省青聯委員). He engaged in post-doctoral research at Chinese Academy of Social Sciences (中國社會科學院). He was a lecturer and associate professor of the School of Business of Nanjing University, a visiting scholar at the Department of Economics of the University of Washington and a scholar at the Harvard Business School. He has been serving as a professor of the School of Business of Nanjing University since 2011. Mr. Geng has been engaging in the research and education of the Chinese national economic theories and policies, and has published numerous articles on Social Sciences in China (《中國社會科學》) and Journal of Financial Research (《金融研究》), etc. He has obtained several academic awards for his research achievements in social sciences. Mr. Geng is also currently an independent director of Focus Technology Co., Ltd. (焦點科技股份有限公司) (a company listed on the Shenzhen Stock Exchange with stock code 002315) and Nanjing Chixia Development Co., Ltd. (南京棲霞建設股份有限公司) (a company listed on the Shanghai Stock Exchange with stock code 600533).

Zhang Ge (張戈), male, aged 43, has been appointed as a non-executive director of the Company since 23 December 2015. Mr Zhang graduated from the Jiangnan University in the PRC with a bachelor's degree in engineering in 1994. He is currently the director of Shanghai Pingyi International Trading Company Limited (上海平義國際貿易有限公司) and Japan Pingyi International Company (日本平義國際株式會社). He has been engaging in the establishment and operation of international trading business for 20 years. He is recently active in the investment market and has extensive investment experience in the Internet industry. Mr Zhang directly holds 71,800,000 domestic shares of the Company, representing approximately 8.65% of the Comapny's issued share capital.

Independent non-executive Directors

Xu Haoran (徐浩然), male, aged 47, graduated from the Communication University of China with a Bachelor of Arts degree in 1991, pursued further studies at Cambridge University in UK in 2002, obtained a PhD degree in Management from the Nanjing University of Aeronautics and Astronautics in 2007 and completed post-doctorate studies at the Faculty of Economics of Peking University in 2010. He is currently a member of the Jiangsu Committee of the Chinese People's Political Consultative Conference, a member of the Ningxia Committee of the Chinese People's Political Consultative Conference, Chairman of the Federation of Associations of National Brands, Vice President of China Marketing Association, Drafter of National Appraisal Standards for Corporate Brands, Adviser to Advertising Center of China Central Television, Director of the Expert Committee for CCTV China Brands of the Year, Chairman of the Branding Society of Jiangsu Province, a director of the Far East Holding Group. He is a veteran in media, an outstanding scholar as well as an excellent professional manager, social activist and charity worker, with approximately 20 years of working experience in corporate management, branding strategies and media relations. He was awarded a number of honors including the Top 10 Branding Strategy Experts of China, Top 10 Corporate News Spokespersons of China and the Top 10 Outstanding Persons of Corporate Culture Management in China. He was endorsed by the State Council as an "Expert entitled to government special grants" in 2011. He has been appointed as an independent non-executive director of the Company since 12 June 2014.

Ge Jianya (葛建亞), male, aged 62, joined the Group in 2009. He is currently an independent non-executive director of Dahe Group and a researcher of Nanjing Lukou International Airport Company Limited. He has been the deputy general manager of Jiangsu Airlines Industry Group Advertising Company, chairman of Nanjing Lukou International Airport Advertising Company Limited, executive member of Jiangsu Advertising Association, council member of Jiangsu Marketing Association, executive member of China Civil Airlines Advertising Committee, deputy supervisor of Market Development Committee of Nanjing Lukou International Airport and executive member of the Philatelic Society of Jiangsu Province.

Ye Jianmei (葉建梅), female, aged 53, senior accountant, PRC certified accountant and international certified internal auditor. She joined the Group in 2009 and is currently an independent non-executive director of Dahe Group. She once served as a council member of Nanjing Senior Accountant Association, Conduct Supervisor of Nanjing State Tax Inspection Branch, head of the financial department of Nanjing Xinjiekou Mall Company Limited, and the financial controller of Dongfang Shopping Mall Company Limited and Nanjing Dayang Department Store.

SUPERVISORS

Xia Keying (夏克穎), male, aged 49, graduated from the Fuzhou University in the PRC with a bachelor's degree in industrial and management engineering in 1989. He obtained the PRC certificates/qualifications of certified public accountant in 1995, asset valuer in 1997, property valuer in 1998, national judicial qualification in 2001 and practising lawyer in 2004. Mr. Xia once served as the vice- president of Nanjing Golden Eagle Retail Group Company Limited. Mr. Xia joined the Group in 2015 and is currently the vice-president of the Group, responsible for the Group's financial administration and investment management. Mr. Xia has over 23 years of experience in financial administration.

Wang Mingmei (王明梅), female, aged 67, is a representative of the Supervisory Committee nominated by the Shareholders. Ms. Wang joined Dahe Group in 1994 and held various positions including general manager and head of the supervisory audit division of the branch companies of Dahe Group. Ms. Wang is currently the chairman of the Supervisory Committee of Dahe Group.

Xue Guiyu (薛貴餘), male, aged 56, is a representative of the Supervisory Committee nominated by the employees of the Group. Mr. Xue has worked in a manufacturing company in Nanjing for over 10 years. Mr. Xue joined the Company in 2000.

SENIOR MANAGEMENT

All the executive Directors are responsible for the various aspects of the business and operation of the Group. These executive Directors are regarded as the members of the senior management of the Group.

COMPANY SECRETARY

Tsui Kei Pang (徐奇鵬), male, aged 55. He was appointed as the company secretary of the Company on 31 October 2014 and obtained a bachelor's degree in law (Honours) and a master's degree in law from The University of Hong Kong. He is a solicitor of Hong Kong, a solicitor of England and Wales (non-practising), a China Appointed Attesting Officer and a Civil Celebrant of Marriages. Mr. Tsui is currently a partner of Gallant Y.T. Ho & Co. and specialises in China business practices. He is also the vice chairman of the Greater China Legal Affairs Committee of The Law Society of Hong Kong, an honorary legal adviser of The Hong Kong Real Estate Association as well as a member of China Committee of Hong Kong General Chamber of Commerce.

(A) CORPORATE GOVERNANCE

The Board considers that the Company has complied with the Corporate Governance Code (the "Code") contained in Appendix 15 of the GEM Listing Rules save and except for the following:

1. As Wang Weijie, the former Chief Executive Officer, resigned on 10 December 2007, the post of Chief Executive Officer of the Company was temporarily held by the Chairman, Mr. He Chaobing. On 24 March 2016, the Company separated the posts of Chairman of the Board and Chief Executive Officer and appointed Mr. Huang Hongxing as the Chief Executive Officer. On the same day, the Company re-complied with the relevant provisions of the Code; and

2. The Company has not arranged any insurance coverage for the Directors' liabilities in respect of any potential legal actions against the directors. Given the nature of the Group's business, the Directors believe that the possibility of legal actions against the directors is remote, and the Company still can achieve excellent corporate governance through various management and monitor mechanism, so as to reduce such risks, including periodic review on the effectiveness of internal control system, clear division of duties and providing training for staff and the management. The Board of Directors will review, on a regular basis, the necessity to arrange insurance cover for potential legal actions against the directors.

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

The Company has adopted a set of transaction standards in respect of securities transactions by its directors and supervisors which is no less stringent than that stipulated in Rules 5.46 to 5.67 of the GEM Listing Rules. The Company has confirmed, after making specific enquiries to all its directors and supervisors, all directors and supervisors of the Company have complied with the relevant standards stipulated in the aforesaid code.

(C) BOARD OF DIRECTORS

(i) Composition of the Board

Executive directors:
HE Chaobing
HUANG Hongxing (appointed on 23 December 2015)
LU Yin (resigned on 23 December 2015)

Non-executive directors:
GENG Qiang (appointed on 23 December 2015)
LI Huafei (resigned on 23 December 2015)
HE Lianyi
HE Pengjun
ZHANG Ge (appointed on 23 December 2015)

Independent non-executive directors:
YE Jianmei
GE Jianya
XU Haoran

(ii) Operation of the Board

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

During the year, the post of Chief Executive Officer of the Company was temporarily held by the Chairman, Mr. He Chaobing. On 24 March 2016, the Company separated the posts of Chairman of the Board and Chief Executive Officer and appointed Mr. Huang Hongxing as the Chief Executive Officer. On the same day, the Company re-complied with the relevant provisions of the Code.

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

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

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

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

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

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

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

(iii) Relationship of members of the Board

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

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

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

(v) Independent non-executive directors

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

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

The office terms of the non-executive directors and independent non-executive directors are as follows:

Li Huafei (resigned on 23 December 2015)	1 January 2015 to 31 December 2017
He Lianyi	1 January 2015 to 31 December 2017
He Pengjun	1 January 2015 to 31 December 2017
Zhang Ge (appointed on 23 December 2015)	23 December 2015 to 31 December 2017
Geng Qiang (appointed on 23 December 2015)	23 December 2015 to 31 December 2017
Ye Jianmei	1 January 2015 to 31 December 2017
Ge Jianya	1 January 2015 to 31 December 2017
Xu Haoran	1 January 2015 to 31 December 2017

(vi) Attendance of directors at Board meetings

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

	Attendance at meetings in person/ number of meetings such person shall attend for the year ended 31 December 2015
Executive directors:	
HE Chaobing	7/7
LU Yin (resigned on 23 December 2015)	7/7
HUANG Hongxing (appointed on 23 December 2015)	0/0 (Note)
Non-executive directors:	
LI Huafei (resigned on 23 December 2015)	7/7
HE Lianyi	7/7
HE Pengjun	7/7
GENG Qiang (appointed on 23 December 2015)	0/0 (Note)
ZHANG Ge (appointed on 23 December 2015)	0/0 (Note)
Independent non-executive directors:	
XU Haoran	7/7
GE Jianya	7/7
YE Jianmei	7/7
Number of meetings held during the year	7

Note: No Board meeting was held during the period from 23 December 2015 to 31 December 2015.

(vii) Attendance of directors at general meetings

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

	Attendance at meetings in person/ number of meetings such person shall attend for the year ended 31 December 2015
Executive directors:	
HE Chaobing	2/2
LU Yin (resigned on 23 December 2015)	2/2
HUANG Hongxing (appointed on 23 December 2015)	0/0 (Note)
Non-executive directors:	
LI Huafei (resigned on 23 December 2015)	2/2
HE Lianyi	2/2
HE Pengjun	2/2
GENG Qiang (appointed on 23 December 2015)	0/0 (Note)
ZHANG Ge (appointed on 23 December 2015)	0/0 (Note)
Independent non-executive directors:	
XU Haoran	2/2
GE Jianya	2/2
YE Jianmei	2/2
Number of meetings held during the year	2

Note: No general meeting was held during the period from 23 December 2015 to 31 December 2015.

(viii) Training for directors

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

During the period from 1 January 2015 to 31 December 2015, all Directors of the Company have sent their training records to the Company. All Directors, namely Mr. He Chaobing, Mr. Huang Hongxing, Mr. Xu Haoran, Ms. Ye Jianmei, Mr. Ge Jianya, Mr. Geng Qiang, Mr. Zhang Ge, Mr. He Lianyi and Mr. He Pengjun, have all participated in continuous professional development, mainly through reading certain materials relating to directors' duties.

(D) BOARD COMMITTEES

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

(i) Audit Committee

Members

The Company has worked out the terms of reference of the Audit Committee pursuant to the requirements of the Stock Exchange. The Audit Committee comprises all three independent non-executive directors. As at 31 December 2015, the members of the Audit Committee were: Xu Haoran, Ge Jianya and Ye Jianmei. Ye Jianmei is the chairman of the Audit Committee.

As at 31 December 2015, the following table sets out the attendance of the members of the Audit Committee at meetings of the Audit Committee during the year:-

	Attendance at meetings in person/ number of meetings held for the year ended 31 December 2015
YE Jianmei *(Chairman)*	4/4
GE Jianya	4/4
XU Haoran	4/4
Number of meetings held during the year	4

Roles and Duties

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

Summary of work

For the year ended 31 December 2015, the Audit Committee held a total of four meetings with focus on reviewing and discussing: (1) matters related to audit and financial reporting; (2) appointing external auditors; (3) work with external auditors to establish an internal control system; and review the Company's annual, half-yearly and quarterly financial statements. Having evaluating the integrity, accuracy and fairness of the Company's financial statements, all members unanimously believe that the financial statements have disclosed sufficient information and accurately reflected the Company's financial position. The Audit Committee also considered the proposal for the change of external auditors. All members of the Audit Committee can access the auditor and all senior staff of the Group without any limitations.

In addition, in order to comply with new corporate governance requirements on listed companies by the Hong Kong Stock Exchange, the Company revised the terms of reference of the Audit Committee in January 2016, assigning risk management and control and other duties to the Committee.

(ii) Remuneration Committee

Members

The Company has established the Remuneration Committee whose duties are the same as that contained in Code B.1.3 of Appendix 15 of the GEM Listing Rules of the Hong Kong Stock Exchange. The Remuneration Committee comprises three independent non-executive directors. As at 31 December 2015, the members of the Remuneration Committee were: Ge Jianya, Ye Jianmei and Xu Haoran. Ge Jianya is the chairman of the Remuneration Committee.

As at 31 December 2015, the following table sets out the attendance of the members of the Remuneration Committee at meetings of the Remuneration Committee during the year:

	Attendance at meetings in person/ number of meetings held for the year ended 31 December 2015
GE Jianya *(Chairman)*	1/1
YE Jianmei	1/1
XU Haoran	1/1
Number of meetings held during the relevant period	1

Roles, Duties and Work Summary

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

The Remuneration Committee held a meeting for the year ended 31 December 2015 to review the remuneration policies for directors.

Remuneration of Senior Management

During the year ended 31 December 2015, the remuneration paid to the senior management of the Group is within the following scope:

	Number
0 – RMB1,000,000	2

(iii) Nomination Committee

The Company has worked out the terms of reference of the Nomination Committee pursuant to the requirements of the Stock Exchange. The Nomination Committee comprises one executive Director and two non-executive Directors. As at 31 December 2015, the members of the Nomination Committee were: He Chaobing, Ge Jianya and Ye Jianmei. He Chaobing is the chairman of the Nomination Committee.

As at 31 December 2015, the following table sets out the attendance of the members of the Nomination Committee at meeting of the Nomination Committee during the year:

	Attendance at meeting in person/ number of meeting held for the year ended 31 December 2015
HE Chaobing *(Chairman)*	1/1
GE Jianya	1/1
YE Jianmei	1/1
Number of meetings held during the relevant period	1

Roles, Duties and Work Summary

Nomination Committee includes the following functions:

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

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

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

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

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

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

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

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

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

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

The Nomination Committee will have at least one meeting per year. According to the terms of reference, the Committee has an advisory role in the matters mentioned above and the Board of Directors reserves the right of final and conclusive decision. During the year ended 31 December 2015, the nomination committee held one meeting to review the structure, number and composition of the Board and evaluate the independence of the independent non-executive directors.

(E) SUPERVISORS AND SUPERVISORY COMMITTEE

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

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

(F) THE RESPONSIBILITY OF DIRECTORS IN PREPARING FINANCIAL REPORTS

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

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

(G) AUDITOR'S REMUNERATION

For the year ended 31 December 2015, the Company's external auditors provided the following services to the Group:

	2015 **RMB'000**
Audit services	**1,210**
Non-audit services	**—**

(H) SHAREHOLDERS' RIGHTS

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

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

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

How to make enquiry to the Board

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

Significant Changes of the Articles of Association of the Company

The Articles of Association were amended twice during the year under review as follows:

First Amendment

The following paragraph shall be inserted into the last part of Article 3.06 of the Articles of Association:

"After Yan Jian transferred 71,800,000 domestic shares to Zhang Ge, the Company's equity structure is:

(1) The promoter Dahe Investment Holdings Group Co., Ltd. held 418,000,000 shares;

(2) The promoter Nanjing Hi-tech Venture Capital Co., Ltd. held 50,000,000 shares;

(3) The promoter Nanjing Pukou Chenwei Ink Factory held 30,000,000 shares;

(4) Mr. Zhang Ge held 71,800,000 shares;

(5) The promoter Ms. Wang Mingmei held 3,800,000 shares;

(6) The promoter Mr. He Lianyi held 6,400,000 shares;

(7) Shareholders of overseas listed foreign shares (H shares) held 250,000,000 shares."

The above amendments have been approved by the shareholders at the annual general meeting held on 30 June 2015 and has come into effect upon completion of the relevant approval procedures in the PRC in July 2015.

Second Amendment

The following provisions shall be inserted into the last part of Article 3.06 of the Articles of Association:

"3.06.06 After Nanjing Hi-tech Venture Capital Co., Ltd. transferred 50,000,000 domestic shares to Mr. Wang Qinghua, Nanjing Pukou Chenwei Ink Factory transferred 30,000,000 domestic shares to Nanjing Shengshi Huacheng Investment Management Joint Enterprise (limited partnership), Dahe Investment Holdings Group Co., Ltd. transferred 24,050,000 domestic shares to Nanjing Shengshi Huacheng Investment Management Joint Enterprise (limited partnership), the Company's equity structure is:

(1) The promoter Dahe Investment Holdings Group Co., Ltd. held 393,950,000 shares;

(2) Mr. Wang Qinghua held 50,000,000 shares;

(3) Nanjing Shengshi Huacheng Investment Management Joint Enterprise (limited partnership) held 54,050,000 shares;

(4) Mr. Zhang Ge held 71,800,000 shares;

(5) The promoter Ms. Wang Mingmei held 3,800,000 shares;

(6) The promoter Mr. He Lianyi held 6,400,000 shares;

(7) Shareholders of overseas listed foreign shares (H shares) held 250,000,000 shares."

The existing Article 10.01 of the Articles of Association of the Company shall be deleted in its entirety and be substituted therewith the following:

"The Company shall have a board of directors consisting of nine directors, including at least three non-executive directors (directors not in the executive management team of the Company, the same below) and at least three independent non-executive directors (directors independent of the shareholders and not in the executive management team of the Company, the same below). The board of directors shall have one chairman. Directors shall handle issues as delegated by the board of directors."

The above amendments have been approved by shareholders on the extraordinary general meeting held on 23 December 2015 and will be effective upon completion of the relevant approval procedures in the PRC.

(I) COMPANY SECRETARY

According to the requirement of Listing Rules, Mr. Tsui Kei Pang, the company secretary of the Company, has taken not less than 15 hours of relevant professional training during the financial year ended 31 December 2015.

(J) ABOUT BOARD DIVERSITY

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

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

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

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

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

(K) COMPLIANCE OFFICER

Mr. He Chaobing, the Compliance Officer appointed pursuant to Rule 5.19 of the GEM Listing Rules, is responsible for advising on and assisting the Board in implementing measures to ensure that the Company complies with the GEM Listing Rules and other relevant laws and regulations; and responding to all enquiries from the Stock Exchange without undue delay.

BAKER TILLY
HONG KONG | 天職香港

To the members of Dahe Media Co., Ltd.
大賀傳媒股份有限公司
(A joint stock company established in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of Dahe Media Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 49 to 124, which comprise the consolidated statements of financial position as at 31 December 2015, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

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

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2015 and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Baker Tilly Hong Kong Limited
Certified Public Accountants
Hong Kong, 24 March 2016

Gao Yajun
Practising certificate number P06391

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2015

(Expressed in Renminbi)

	Note	**2015**	2014
		RMB'000	*RMB'000*
Revenue	8	**459,036**	422,060
Cost of sales		**(323,665)**	(250,402)
Gross profit		**135,371**	171,658
Other income and other gains, net	8	**7,179**	7,956
Selling and distribution expenses		**(31,593)**	(37,789)
Administrative expenses		**(53,893)**	(84,089)
Share of results of a joint venture		**(179)**	(20)
Share of results of an associate		**(497)**	304
Finance costs	10	**(21,283)**	(19,819)
Profit before tax	9	**35,105**	38,201
Income tax expense	11	**(13,500)**	(21,741)
Profit and total comprehensive income for the year		**21,605**	16,460
Attributable to:			
– Owners of the Company		**21,993**	13,396
– Non-controlling interests		**(388)**	3,064
		21,605	16,460
Earnings per share			
Basic and diluted (RMB)	12	**0.026**	0.016

The accompanying notes form part of the consolidated financial statements.

Consolidated Statement of Financial Position

At 31 December 2015

(Expressed in Renminbi)

	Note	2015 *RMB'000*	2014 *RMB'000*
Non-current assets			
Investment properties	16	**41,800**	41,168
Property, plant and equipment	17	**93,215**	122,385
Prepaid land lease payments	18	**2,003**	2,060
Goodwill	19	**15,679**	15,679
Other intangible assets	20	**1,421**	1,646
Interests in a joint venture	21	**1,934**	1,449
Interests in an associate	22	**—**	4,389
Available-for-sale financial assets	23	**52**	12,552
Total non-current assets		**156,104**	201,328
Current assets			
Inventories	24	**42,246**	50,532
Trade and note receivables	25	**280,409**	241,740
Other receivables, deposits and prepayments	26	**175,628**	65,639
Amount due from holding company	40(c)	**7,385**	6,862
Amounts due from fellow subsidiaries	40(d)	**29,895**	24,954
Amounts due from related companies	40(e)	**—**	88
Bank balances and cash and pledged bank deposits	27	**117,050**	106,495
Total current assets		**652,613**	496,310
Total assets		**808,717**	697,638
Current liabilities			
Trade payables	28	**69,743**	45,807
Other payables, deposits received and accruals	29	**9,103**	5,460
Deferred advertising income		**24,973**	17,144
Finance lease payables	30	**6,937**	—
Amounts due to related companies	40(e)	**196**	433
Amounts due to fellow subsidiaries	40(d)	**899**	1,109
Bank borrowings	31	**336,500**	297,500
Other tax payables		**3,628**	2,033
Income tax payables		**13,925**	13,613
Total current liabilities		**465,904**	383,099

At 31 December 2015

(Expressed in Renminbi)

	Note	2015 RMB'000	2014 RMB'000
Net current assets		**186,709**	113,211
Total assets less current liabilities		**342,813**	314,539
Non-current liabilities			
Finance lease payables	30	**8,333**	—
Deferred tax liabilities	11(c)	**5,123**	4,777
Total non-current liabilities		**13,456**	4,777
NET ASSETS		**329,357**	309,762
EQUITY			
Share capital	32	**83,000**	83,000
Reserves		**245,951**	223,958
Equity attributable to owners of the Company		**328,951**	306,958
Non-controlling interests		**406**	2,804
TOTAL EQUITY		**329,357**	309,762

On behalf of the board

He Chaobing
Director

Huang Hongxing
Director

The accompanying notes form part of the consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

(Expressed in Renminbi)

	Share capital RMB'000 (Note 32)	Share premium and capital reserve* RMB'000 (Note 33(b)(i))	Statutory surplus reserve* RMB'000 (Note 33(b)(ii))	Other reserve* RMB'000 (Note 33(b)(iii))	Retained profits* RMB'000	Equity attributable to owners of the Company RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2014	83,000	97,384	28,809	(844)	133,502	341,851	26,608	368,459
Profit and total comprehensive income for the year	–	–	–	–	13,396	13,396	3,064	16,460
Acquisition of additional interests in a subsidiary (Note 34)	–	–	–	(48,289)	–	(48,289)	(15,461)	(63,750)
Disposal of a subsidiary (Note 36(a))	–	(132)	(2,872)	844	2,160	–	(11,407)	(11,407)
Appropriations to statutory surplus reserve	–	–	2,148	–	(2,148)	–	–	–
At 31 December 2014 and 1 January 2015	83,000	97,252	28,085	(48,289)	146,910	306,958	2,804	309,762
Profit and total comprehensive income for the year	–	–	–	–	21,993	21,993	(388)	21,605
Disposal of a subsidiary (Note 36(b))	–	–	(243)	–	243	–	(2,010)	(2,010)
Appropriations to statutory surplus reserve	–	–	2,161	–	(2,161)	–	–	–
At 31 December 2015	83,000	97,252	30,003	(48,289)	166,985	328,951	406	329,357

* These reserve accounts comprise the consolidated reserves of approximately RMB245,951,000 (2014: approximately RMB223,958,000) in the consolidated statement of financial position.

The accompanying notes form part of the consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

(Expressed in Renminbi)

	2015 RMB'000	2014 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**35,105**	38,201
Adjustments for:		
Interest income	**(449)**	(1,409)
Interest expense	**21,077**	19,662
Depreciation of property, plant and equipment	**22,864**	26,442
Fair value gain on investment properties	**(632)**	(2,927)
Gain on disposal of a subsidiary	**(1,990)**	(956)
Gain on disposal of available-for-sale investments	**—**	(504)
Amortisation of prepaid land lease payments	**57**	56
Amortisation of other intangible assets	**225**	229
Loss on disposals of property, plant and equipment	**1,822**	4,352
Impairment of trade receivables (net of reversal of impairment losses)	**14,426**	45,420
Bad debt written off	**2,954**	—
Impairment of other receivables, deposits and prepayments	**3,527**	1,766
Share of results of a joint venture	**179**	20
Share of results of an associate	**497**	(304)
Operating cash flows before changes in working capital	**99,662**	130,048
Decrease/(increase) in inventories	**7,259**	(26,235)
Increase in trade and note receivables	**(63,078)**	(64,702)
Increase in other receivables, deposits and prepayments	**(132,905)**	(1,691)
Decrease in amounts due from related companies	**88**	85
(Increase)/decrease in amount due from holding company	**(523)**	1,686
Decrease in amount due from a former subsidiary	**—**	892
Increase in amounts due from fellow subsidiaries	**(4,941)**	(558)
(Decrease)/increase in amounts due to related companies	**(237)**	280
Decrease in amounts due to fellow subsidiaries	**(210)**	(2,756)
Increase/(decrease) in trade payables	**27,903**	(5,344)
Increase in other payables, deposits received and accruals	**21,313**	5,992
Increase/(decrease) in deferred advertising income	**7,829**	(8,632)
Increase/(decrease) in other tax payables	**1,744**	(5,431)
Cash (used in)/generated from operations	**(36,096)**	23,634
Interest paid	**(19,817)**	(19,662)
Interest paid for finance lease	**(1,260)**	—
Corporate income tax paid	**(12,842)**	(6,705)
Net cash used in operating activities	**(70,015)**	(2,733)

For the year ended 31 December 2015

(Expressed in Renminbi)

	2015 RMB'000	2014 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	**(4,256)**	(5,624)
Proceeds from disposal of property, plant and equipment	**1,110**	1,083
(Increase)/decrease in pledged bank deposits	**(40,000)**	40,000
Interest received	**449**	1,409
Acquisition of available-for-sale financial assets	**—**	(12,500)
Acquisition of an associate	**—**	(4,085)
Acquisition of additional interests in a joint venture	**(664)**	—
Disposal of an available-for-sale financial asset	**—**	504
Disposal of a subsidiary	**19,661**	9,072
Net cash (used in)/generated from investing activities	**(23,700)**	29,859
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank borrowings	**301,500**	284,500
Repayments of bank borrowings	**(252,500)**	(299,940)
New finance lease payables	**40,000**	—
Repayment of finance lease payables	**(24,730)**	—
Acquisition of non-controlling interests	**—**	(63,750)
Net cash generated from/(used in) financing activities	**64,270**	(79,190)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(29,445)**	(52,064)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**96,495**	148,559
CASH AND CASH EQUIVALENTS AT END OF YEAR	**67,050**	96,495
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash and pledged bank deposits	**117,050**	106,495
Less: Pledged bank deposits	**(50,000)**	(10,000)
Cash and cash equivalents as stated in the consolidated statement of cash flows	**67,050**	96,495

The accompanying notes form part of the consolidated financial statements.

1. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	2015 RMB'000	2014 RMB'000
Non-current assets			
Investment properties		**41,800**	41,168
Property, plant and equipment		**57,411**	68,342
Prepaid land lease payments		**2,003**	2,060
Other intangible assets		**700**	800
Interests in subsidiaries	15	**84,216**	102,216
Interests in a joint venture		**2,364**	1,700
Total non-current assets		**188,494**	216,286
Current assets			
Inventories		**42,246**	49,174
Trade and note receivables		**188,643**	128,863
Other receivables, deposits and prepayments		**168,854**	47,374
Amount due from holding company		**7,285**	6,550
Amounts due from fellow subsidiaries		**29,895**	24,954
Amounts due from subsidiaries	15	**77,422**	102,311
Bank balances and cash and pledged bank deposits		**114,170**	99,978
Total current assets		**628,515**	459,204
Total assets		**817,009**	675,490
Current liabilities			
Trade payables		**62,725**	33,080
Other payables, deposits received and accruals		**3,141**	3,363
Deferred advertising income		**24,973**	15,159
Amounts due to subsidiaries	15	**40,157**	2,667
Amounts due to related companies		**196**	318
Amounts due to fellow subsidiaries		**899**	1,109
Interest-bearing bank borrowings, unsecured		**326,500**	277,500
Other tax payables		**2,757**	994
Income tax payables		**5,054**	6,131
Total current liabilities		**466,402**	340,321

1. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

	Note	2015 *RMB'000*	2014 *RMB'000*
Net current assets		**162,113**	118,883
Total assets less current liabilities		**350,607**	335,169
Non-current liability			
Deferred tax liabilities		**5,123**	4,777
NET ASSETS		**345,484**	330,392
EQUITY			
Share capital	32	**83,000**	83,000
Reserves	33(c)	**262,484**	247,392
TOTAL EQUITY		**345,484**	330,392

On behalf of the board

He Chaobing
Director

Huang Hongxing
Director

2. CORPORATE AND GROUP INFORMATION

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

During the year, the Company and its subsidiaries (collectively referred to as the "Group") was involved in the following principal activities:

- Media dissemination
- Media production
- Terminal dissemination
- Trading of artwork

In the opinion of the directors of the Company, the holding company and the ultimate holding company of the Company is Dahe Investment Holdings Group, Co., Ltd. (大賀投資控股集團有限公司), which is limited liability company established in the PRC.

3. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with the HKFRSs (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market (the "GEM Listing Rules") of the Stock Exchange and by the Hong Kong Companies Ordinance (the "CO"). They have been prepared under the historical cost convention, except for investment properties which have been measured at fair value. These consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

The provisions of the new CO (Cap. 622) regarding preparation of accounts and directors' reports and audits became effective for the Group for the financial year ended 31 December 2015. Further, the disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new CO and to streamline with HKFRSs. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 December 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements.

3. BASIS OF PREPARATION (continued)

Basis of consolidation

These consolidated financial statements include the financial statements of the Group for the year ended 31 December 2015. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

4. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied the following revised standards that are issued by Hong Kong Institute of Certified Public Accountants.

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle

The adoption of these amendments has had no material effect on Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these consolidated financial statements.

HKFRS 9	Financial Instruments[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	Investment Entities: Applying the Consolidation Exception[1]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]
HKFRS 14	Regulatory Deferral Accounts[3]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[1]
Amendments to HKAS 27 (2011)	Equity Method in Separate Financial Statements[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle[1]

1 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

2 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

3 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application permitted.

The Group is in the process of making an assessment of what the impact of these amendments and new standards would be in the period of initial application, but not yet in a position to state whether these amendments and new standards would have a significant impact on the Group's consolidated financial statements.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Investments in associate and joint venture

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

(b) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Business combinations and goodwill (continued)

If the business combination is achieved in stages, the previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Fair value measurement

The Group measures its investment properties at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the consolidated statement of profit or loss and other comprehensive income in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the consolidated statement of profit or loss and other comprehensive income in the period in which it arises, (only if there are revalued assets in the consolidated financial statements), unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

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

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

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

(vi) the entity is controlled or jointly controlled by a person identified in (a);

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

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

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

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

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

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5, as further explained in the accounting policy for "Non-current assets and disposal groups held for sale". The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the consolidated statement of profit or loss and other comprehensive income in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal estimated useful lives used for this purpose are as follows:

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

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the consolidated statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the consolidated statement of profit or loss and other comprehensive income in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the consolidated statement of profit or loss and other comprehensive income in the year of the retirement or disposal.

(h) Intangible assets - advertising rights

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

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

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the consolidated statement of profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the consolidated statement of profit or loss and other comprehensive income on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the consolidated statement of profit or loss and other comprehensive income on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

(j) Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Investments and other financial assets (continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the consolidated statement of profit or loss. The loss arising from impairment is recognised in the consolidated statement of profit or loss and other comprehensive income in finance costs for loans and in other expenses for receivables.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the consolidated statement of profit or loss and other comprehensive income.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(l) Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Impairment of financial assets (continued)

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the consolidated statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in the consolidated statement of profit or loss and other comprehensive income.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Impairment of financial assets (continued)

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the consolidated statement of profit or loss, is removed from other comprehensive income and recognised in the consolidated statement of profit or loss.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the consolidated statement of profit or loss – is removed from other comprehensive income and recognised in the consolidated statement of profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through the consolidated statement of profit or loss and other comprehensive income. Increases in their fair value after impairment are recognised directly in other comprehensive income.

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

(m) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, other payables, deposits received and accruals, finance lease payables, amounts due to related companies and fellow subsidiaries, other tax payables and interest-bearing bank borrowings, unsecured.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Financial liabilities (continued)

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the consolidated statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the consolidated statement of profit or loss and other comprehensive income.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

(n) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the consolidated statement of profit or loss and other comprehensive income.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(p) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

(q) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

(r) Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the consolidated statement of profit or loss and other comprehensive income.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Income tax (continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(t) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

(u) Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

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

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

(c) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(d) rental income, on a time proportion basis over the lease terms;

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Revenue recognition (continued)

(e) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset; and

(f) dividend income, when the shareholders' right to receive payment has been established.

(v) Employee benefits

Short term benefits

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

Pension scheme

The employees of the Group which operates in PRC are required to participate in a central pension scheme operated by the local municipal government. The Group is required to contribute a certain percentage of its payroll costs to the central pension scheme. The contributions are charged to the consolidated statement of profit or loss and other comprehensive income as they become payable in accordance with the rules of the central pension scheme.

(w) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred.

(x) Foreign currencies

These consolidated financial statements are presented in Renminbi ("RMB"), which is the Group's functional currency. Each entity in the Group determines its own functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the consolidated statement of profit or loss and other comprehensive income.

6. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

(a) Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

(i) Impairment of assets

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

(ii) Impairment of available-for-sale financial assets

For available-for-sale financial assets, a significant or prolonged decline in fair value below cost is considered to be an objective evidence of impairment. Significant judgement is required when determining whether a decline in fair value has been significant or prolonged. In making this judgement, the historical data on market volatility as well as the price of the specific investment are taken into account. The Group also considers other factors, such as industry and sector performance and financial information regarding the investee.

6. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

(a) Judgements (continued)

(iii) Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

(b) Estimation uncertainty

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

(i) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2015 was RMB15,679,000 (2014: RMB15,679,000). Further details are given in Note 19 to the consolidated financial statements.

(ii) Impairment of receivables

The policy for impairment of receivables of the Group is based on the evaluation of collectability and the aged analysis of the receivables and on management's judgement at each end of the reporting period whether there is any objective evidence that the receivables are impaired. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer/debtor. If the financial conditions of customers/debtors of the Group were to deteriorate, resulting in an impairment of their ability to make payment, additional impairment may be required.

6. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

(b) Estimation uncertainty (continued)

(iii) Fair value of investment properties

Investment properties are carried in the consolidated statement of financial position at their fair value. The fair value was based on a valuation on these properties conducted by an independent firm of professional valuers using property valuation techniques which involve making assumptions on certain market conditions. Favourable or unfavourable changes to these assumptions would result in changes in the fair value of the Group's investment properties.

(iv) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating units exceeds it recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculation of the fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

(v) Impairment of interest in subsidiaries

Impairment testing of the interests in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiaries in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the financial statements of the investee's net assets including goodwill.

(vi) Useful lives of property, plant and equipment

The management of the Company determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of the property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovation. Management will change the depreciation charge where useful lives are different from the previously estimated lives. It will also write-off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

6. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

(b) Estimation uncertainty (continued)

(vii) Income taxes

Significant management judgments on the future tax treatment of certain transactions are required in determining income tax provisions. The Group carefully evaluates tax implications of transactions and tax provisions are made accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

7. SEGMENTAL INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

- Media dissemination
- Media production
- Terminal dissemination
- Trading of artwork

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax of each segment is measured consistently with the Group's profit before tax excluding other revenue and other gains, net, selling and distribution expenses, administrative expenses, finance costs, share of results of a joint venture and an associate.

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

7. SEGMENTAL INFORMATION (continued)

(a) Segment revenue and results

Year ended 31 December 2015

	Media dissemination *RMB'000*	Media production *RMB'000*	Terminal dissemination *RMB'000*	Trading of artwork *RMB'000*	Total *RMB'000*
Revenue from external customers	**281,205**	**29,084**	**127,809**	**20,938**	**459,036**
Reportable segment results	**93,486**	**2,942**	**32,674**	**6,269**	**135,371**
Other income and other gains, net					**7,179**
Selling and distribution expenses					**(31,593)**
Administrative expenses					**(53,893)**
Share of results of a joint venture					**(179)**
Share of results of an associate					**(497)**
Finance costs					**(21,283)**
Profit before tax					**35,105**

Year ended 31 December 2014

	Media dissemination *RMB'000*	Media production *RMB'000*	Terminal dissemination *RMB'000*	Trading of artwork *RMB'000*	Total *RMB'000*
Revenue from external customers	247,716	50,757	121,372	2,215	422,060
Reportable segment results	129,806	6,932	34,663	257	171,658
Other income and other gains, net					7,956
Selling and distribution expenses					(37,789)
Administrative expenses					(84,089)
Share of results of a joint venture					(20)
Share of results of an associate					304
Finance costs					(19,819)
Profit before tax					38,201

7. SEGMENTAL INFORMATION (continued)

(b) Geographical information

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

(c) Information about major customers

The Group's customer base is diversified and there was no single customer with transactions over 10% of the Group's revenue for the both years.

8. REVENUE, OTHER INCOME AND OTHER GAINS, NET

Revenue represents the net invoiced value of goods sold and services provided to customers, after any returns, allowance and discounts during the year.

An analysis of revenue, other income and other gains is as follows:

	Note	**2015**	2014
		RMB'000	*RMB'000*
Revenue:			
Income from media dissemination		**281,205**	247,716
Income from media production		**29,084**	50,757
Income from terminal dissemination		**127,809**	121,372
Trading of artwork		**20,938**	2,215
		459,036	422,060
Other income:			
Interest income		**449**	1,409
Government grants (Note)		**2,617**	2,260
Rental income	38(a)	**2,350**	1,790
Guarantee fee income		**700**	1,300
Sales of scraps		**—**	326
Others		**263**	836
		6,379	7,921
Other gains, net:			
Fair value gain of investment properties	16	**632**	2,927
Gain on disposal of available-for-sale financial assets		**—**	504
Gain on disposal of a subsidiary	36	**1,990**	956
Loss on disposal of property, plant and equipment		**(1,822)**	(4,352)
		800	35
		7,179	7,956

8. REVENUE, OTHER INCOME AND OTHER GAINS, NET (continued)

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

9. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Note	**2015**	2014
		RMB'000	*RMB'000*
Cost of inventories sold		**135,946**	132,492
Cost of services provided		**187,719**	117,910
Cost of sales (Note)		**323,665**	250,402
Auditors' remuneration		**1,210**	1,180
Bad debt written off		**2,954**	—
Depreciation of property, plant and equipment	17	**22,864**	26,442
Amortisation of prepaid land lease payments	18	**57**	56
Amortisation of other intangible assets	20	**225**	229
Interest income		**(449)**	(1,409)
Loss on disposal of property, plant and equipment		**1,822**	4,352
Gain on disposal of available-for-sale financial assets		**—**	(504)
Gain on disposal of a subsidiary	36	**(1,990)**	(956)
Fair value gain on investment properties	16	**632**	2,927
Minimum lease payments under operating leases of land and building	38(b)	**5,279**	5,966
Impairment of trade receivables (net of reversal of impairment losses)		**14,426**	45,420
Impairment of other receivables, deposits and prepayments		**3,527**	1,766
Employee benefit expenses (excluding directors' remuneration (Note 14(a))			
– Salaries, bonus and allowances		**32,585**	35,395
– Contribution to retirement benefit scheme		**5,788**	6,906
Research and development costs included in administrative expenses		**7,392**	8,115

Note: Cost of sales included approximately RMB22,282,000 (2014: approximately RMB27,059,000) relating to staff costs, depreciation and amortisation expenses, which are also included in the respective total amounts disclosed separately above.

10. FINANCE COSTS

An analysis of finance costs is as follows:

	2015 RMB'000	2014 RMB'000
Interest expense on finance lease	**1,260**	—
Interest expense on bank loans	**16,889**	16,957
Interest expense on note payables	**2,928**	2,705
Bank charges	**206**	157
	21,283	19,819

11. INCOME TAX EXPENSE

Provision for the PRC Corporate Income Tax ("CIT") is based on the estimated taxable income for PRC taxation at the rate of taxation applicable for the years.

Under the CIT Law, the CIT rate is calculated at a rate of 25% (2014: 25%) on the Group's estimated assessable profits. Enterprises being qualified as a high new technology enterprise in the PRC are subject to an applicable national CIT rate of 15%. Accordingly, the Company is eligible for a preferential CIT rate of 15% for the year ended 31 December 2015 (2014: 15%). The subsidiaries of the Company are subject to standard CIT rate of 25% for the year ended 31 December 2015 (2014: 25%).

(a) Income tax expense in the consolidated statement of profit or loss and other comprehensive income represents:

	Note	2015 RMB'000	2014 RMB'000
Current tax:			
Current year		**14,053**	13,318
Over-provision in prior years		**(899)**	—
		13,154	13,318
Deferred tax:			
Origination and reversal of temporary differences	11(c)	**346**	8,423
Total income tax expense		**13,500**	21,741

11. INCOME TAX EXPENSE (continued)

(b) A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the countries in which the Group are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

	2015	2014
	RMB'000	*RMB'000*
Profit before tax	**35,105**	38,201
Tax calculated at the statutory CIT rate of 25% (2014: 25%)	**8,776**	9,550
Tax effect of expenses not deductible for taxation purposes	**3,472**	1,491
Tax effect of non-taxable items	**(1,037)**	(800)
Tax effect of share of results of a joint venture	**45**	5
Tax effect of share of results of an associate	**124**	(76)
Tax effect of unused tax losses of subsidiaries not recognised	**9**	27
Tax effect on temporary difference not recognised	**5,192**	14,300
Reduction of income tax under preferential tax treatment	**(2,182)**	(2,756)
Over-provision of current tax in prior years	**(899)**	—
Income tax expense	**13,500**	21,741

(c) Deferred tax (assets)/liabilities

The following is the analysis of the deferred tax balances for financial reporting purposes:

	2015	2014
	RMB'000	*RMB'000*
Deferred tax assets	**—**	—
Deferred tax liabilities	**5,123**	4,777
	5,123	4,777

11. INCOME TAX EXPENSE (continued)

(c) Deferred tax (assets)/liabilities (continued)

The following are the major deferred tax (assets)/liabilities recognised and movements thereon during the current and prior years:

	Impairment losses of available-for-sale financial assets *RMB'000*	Fair value gain of investment properties *RMB'000*	Total *RMB'000*
At 1 January 2014	(4,980)	1,334	(3,646)
Charge to profit or loss (Note 11(a))	4,980	3,443	8,423
At 31 December 2014 and 1 January 2015	—	4,777	4,777
Charge to profit or loss (Note 11(a))	—	346	346
At 31 December 2015	—	5,123	5,123

(d) At 31 December 2015, the Company's subsidiaries have unused tax losses of approximately RMB1,566,000 (2014: approximately RMB1,530,000) and deductible temporary differences of approximately RMB172,618,000 (2014: approximately RMB158,232,000) available for offset against future profits which will expire within five years since the respective years in which the tax losses were incurred. No deferred tax asset has been recognised in respect of such losses and the deductible temporary differences due to the unpredictability of future profit streams and uncertainty in the utilisation of the benefits of the temporary differences respectively.

12. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to ordinary equity holders of the parent of approximately RMB21,993,000 (2014: approximately RMB13,396,000) and the weighted average number of shares in issue of 830,000,000 (2014: 830,000,000).

The dilutive earnings per share are the same as the basic earnings per share for the years ended 31 December 2015 and 2014 as there were no dilutive potential ordinary shares outstanding during both years.

13. DIVIDENDS

No dividend has been declared or paid by the Company in respect of the years ended 31 December 2015 and 2014.

14. REMUNERATION OF DIRECTORS, SUPERVISORS AND EMPLOYEES

(a) Directors and supervisors

Details of remuneration paid or payable to the directors and supervisors of the Company were set out as follows:

	2015			
	Fees *RMB'000*	Salaries and allowances *RMB'000*	Contribution to retirement benefit scheme *RMB'000*	Total *RMB'000*
Executive directors				
He Chaobing	—	241	43	284
Lu Yin (Note (ii))	—	42	17	59
Huang Hongxing (Note (i))	—	212	63	275
Non-executive directors				
He Lianyi	36	—	—	36
He Pengjun	36	—	—	36
Li Huafei (Note (ii))	36	—	—	36
Geng Qiang (Note (i))	—	—	—	—
Zhang Ge (Note (i))	—	—	—	—
Independent non-executive directors				
Ge Jianya	48	—	—	48
Ye Jianmei	48	—	—	48
Xu Haoran	60	—	—	60
Supervisors				
Wang Mingmei	—	—	—	—
Liu Jianbo (Note (ii))	12	—	—	12
Xue Guiyu	—	80	14	94
Xia Keying (Note (i))	—	62	—	62
	276	637	137	1,050

Note:

(i) Appointed on 23 December 2015

(ii) Resigned on 23 December 2015

14. REMUNERATION OF DIRECTORS, SUPERVISORS AND EMPLOYEES (continued)

(a) Directors and supervisors (continued)

	2014			
	Fees *RMB'000*	Salaries and allowances *RMB'000*	Contribution to retirement benefit scheme *RMB'000*	Total *RMB'000*
Executive directors				
He Chaobing	—	240	40	280
Lu Yin	—	62	22	84
Non-executive directors				
He Lianyi	36	—	—	36
He Pengjun	36	—	—	36
Li Huafei	36	—	—	36
Independent non-executive directors				
Ge Jianya	48	—	—	48
Sun Yingcai (Note (iv))	28	—	—	28
Ye Jianmei	48	—	—	48
Xu Haoran (Note (iii))	25	—	—	25
Supervisors				
Wang Mingmei	—	—	—	—
Liu Jianbo	12	—	—	12
Xue Guiyu	—	84	—	84
	269	386	62	717

Note:

(iii) Appointed on 12 June 2014

(iv) Resigned on 12 June 2014

For the years ended 31 December 2015 and 2014, there was no arrangement under which a director of the Company waived or agreed to waive any emoluments.

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

14. REMUNERATION OF DIRECTORS, SUPERVISORS AND EMPLOYEES (continued)

(b) Five highest paid individuals

Details of the remuneration paid to the five highest paid individuals during the year included two directors (2014: one director) whose remuneration is set out in note (a) above. Details of remuneration of the remaining three (2014: four) highest paid non-director employees whose remuneration were all below HKD1,000,000 for both years ended 31 December 2015 and 2014 and these are as follows:

	2015	2014
	RMB'000	*RMB'000*
Salaries and allowances	**887**	795
Discretionary bonus	**169**	146
Contribution retirement benefit scheme	**154**	92
	1,210	1,033

The number of highest paid individual whose remuneration fell within following band is as follow:

	2015	2014
	Number of individuals	Number of individuals
Nil to HKD1,000,000	**3**	4

(c) Member of senior management

The number of senior management whose remuneration fell within following band is as follow:

	2015	2014
	Number of individuals	Number of individual
Nil to HKD1,000,000	**2**	1

15. INTERESTS IN SUBSIDIARIES

	2015 *RMB'000*	2014 *RMB'000*
Unlisted shares, at cost	**88,715**	106,715
Less: impairment losses	**(4,499)**	(4,499)
	84,216	102,216
Amounts due from subsidiaries	**77,422**	102,311
Amounts due to subsidiaries	**(40,157)**	(2,667)

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

15. INTERESTS IN SUBSIDIARIES (continued)

Particulars of the Company's subsidiaries as at 31 December 2015 and 2014 are as follows:

Name of Company	Place of establishment/ operations	Registered capital	Equity interest attributable to the Company Direct		Indirect		Principal activities
		RMB'000	**2015**	2014	**2015**	2014	
Beijing Dahe Shuanglong Advertising Co., Ltd. (北京大賀雙龍廣告有限公司)	The PRC	2,500	**95.1%**	95.1%	**4.41%**	4.41%	Dissemination of outdoor advertisement
Nanjing Dahe Colour Printing Co., Ltd.^ (南京大賀彩色印刷有限公司)	The PRC	20,000	**–**	90%	**–**	–	Design, printing and production of posters
Nanjing Dahe Media Training Centre (南京大賀傳媒培訓中心)	The PRC	100	**100%**	100%	**–**	–	Provision of training services
Jiangxi Dahe Media Co., Ltd. (江西大賀傳媒有限公司)	The PRC	2,000	**67%**	67%	**–**	–	Design, printing and production of posters
Nanjing Millennium Ankang International Media Co., Ltd. * (南京千禧安康國際傳媒廣告有限公司)	The PRC	1,000	**100%**	100%	**–**	–	Design, production, and dissemination of advertisement on and franchising of the "Advertising Board"
Nanjing Ankang Technology Co., Ltd.* (南京安康科技有限公司)	The PRC	43,000	**–**	–	**100%**	100%	Design, production, and dissemination of advertisement on and franchising of the "Ankang Advertising Board"
Nanjing Ultralon Investment Management Co., Ltd. (南京歐特龍投資管理有限公司)	The PRC	5,000	**90%**	90%	**–**	–	Investment holding
Shanghai Dahe Yasi Advertising Co., Ltd. (上海大賀雅思廣告有限公司)	The PRC	500	**100%**	100%	**–**	–	Dissemination of outdoor advertisement

15. INTERESTS IN SUBSIDIARIES (continued)

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

All of the subsidiaries established in the PRC are domestic enterprises.

^ The Company disposed of 90% equity interests in Nanjing Dahe Colour Printing Co., Ltd. to an independent third party during the year 2015 (Note 36(b)).

* The Company acquired additional 49% equity interests in Nanjing Millennium Ankang International Media Co., Ltd. and its subsidiary, Nanjing Ankang Techonology Co., Ltd., from the holding company in the year 2014 (Note 34).

16. INVESTMENT PROPERTIES

	2015	2014
	RMB'000	*RMB'000*
Carrying amount at 1 January	**41,168**	38,241
Net gain from a fair value adjustment	**632**	2,927
Carrying amount at 31 December	**41,800**	41,168

The Group's investment properties consist of commercial building and industrial buildings and quarters in the PRC. The directors of the Company have determined that the investment properties consist of two classes of assets, commercial and industrial, based on the nature, characteristics and risks of each property. The investment properties were revalued at 31 December 2015 and 2014 by Jiang Su Tianren Assets Appraisal Office Limited (江蘇天仁資產評估事務所有限公司), an independent firm of qualified valuers who hold recognised and relevant professional qualification and have recent experience in the location and category of the investment properties being valued. The net revaluation gain of the Group of approximately RMB632,000 (2014: approximately RMB2,927,000) has been recognised in "other revenue and other gains, net" in the profit or loss.

The Group's finance department, including finance manager, reviewed the valuation performed by the independent valuer for financial reporting purpose. At the end of each reporting period, the finance department:

- verifies all major inputs to the independent valuation report;
- assesses properties valuation movements when compared to the prior year valuation report; and
- holds discussions with the independent valuer.

The investment properties are leased to third parties under operating leases, the details are included in Note 38(a) to the consolidated financial statements.

16. INVESTMENT PROPERTIES (continued)

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement as at 31 December 2015 using			
	Quoted prices in active markets (Level 1) *RMB'000*	Significant observable inputs (Level 2) *RMB'000*	Significant unobservable inputs (Level 3) *RMB'000*	Total *RMB'000*
Recurring fair value measurement for:				
Commercial building	—	—	2,395	2,395
Industrial buildings and quarters	—	—	39,405	39,405
	—	—	41,800	41,800

	Fair value measurement as at 31 December 2014 using			
	Quoted prices in active markets (Level 1) *RMB'000*	Significant observable inputs (Level 2) *RMB'000*	Significant unobservable inputs (Level 3) *RMB'000*	Total *RMB'000*
Recurring fair value measurement for:				
Commercial building	—	—	2,360	2,360
Industrial buildings and quarters	—	—	38,808	38,808
	—	—	41,168	41,168

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

For the years ended 31 December 2015 and 2014, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

16. INVESTMENT PROPERTIES (continued)

Fair value hierarchy (continued)

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

	Commercial building in the PRC *RMB'000*	Industrial buildings and quarters in the PRC *RMB'000*	Total *RMB'000*
Carrying amount at 1 January 2014	2,342	35,899	38,241
Net gain from a fair value adjustment recognised in other income and other gains, net in profit or loss (Note 8)	18	2,909	2,927
Carrying amount at 31 December 2014 and 1 January 2015	2,360	38,808	41,168
Net gain from a fair value adjustment recognised in other income and other gains, net in profit or loss (Note 8)	35	597	632
Carrying amount at 31 December 2015	2,395	39,405	41,800

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

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

16. INVESTMENT PROPERTIES (continued)

Fair value hierarchy (continued)

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

Description	Fair value at 31 December 2015 RMB'000	Valuation techniques	Significant unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Commercial building in the PRC	2,395	Market comparison approach	Price per square meters ("sq.m"), using market direct comparables and taking into account of time of transaction and location.	RMB 13,300/sq.m (2014:RMB 13,100 /sq.m)	Higher the price per square meter will result in correspondingly higher fair value.
Industrial buildings and quarters in the PRC	39,405	Depreciated replacement cost approach	Estimated cost of construction per square meter ("sq.m"), taking into consideration everything which is necessary to complete the construction from a new green field site to provide buildings as they are, at the valuation date, fit for and capable of being occupied and used for the current use.	RMB 3,939/sq.m (2014:RMB 3,792 /sq.m)	Higher the estimated cost of construction per square meter will result in correspondingly higher fair value.
			Age adjustment on the cost of buildings, taking into account of remaining useful life of buildings.	26% to 32% (2014: (24% to 28%)	Higher the rate of age adjustment on the cost of buildings will result in correspondingly lower fair value.

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

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

Details of the investment properties held as at 31 December 2015 and 2014 are as follows:

Location	Use	Tenure	Attributable interest to the Group
Building C, Floor 13, Shanxi Road, Nanjing	Commercial	Medium term lease	100%
No.8 Hengfei Road, Economic and Technology Development Zone, Nanjing	Industrial and quarters	Medium term lease	100%

17. PROPERTY, PLANT AND EQUIPMENT

	Outdoor advertising displays *RMB'000*	Buildings *RMB'000*	Leasehold improvements *RMB'000*	Production equipment *RMB'000*	Furniture, fixtures and equipment *RMB'000*	Motor vehicles *RMB'000*	Total *RMB'000*
Cost							
As at 1 January 2014	218,753	22,320	15,760	105,371	21,177	10,516	393,897
Additions	18,552	163	361	326	385	797	20,584
Disposals	(27,954)	–	–	(27,043)	(1,251)	(1,374)	(57,622)
Disposal of a subsidiary	(37,525)	(2,211)	–	–	(1,081)	(707)	(41,524)
As at 31 December 2014 and 1 January 2015	171,826	20,272	16,121	78,654	19,230	9,232	315,335
Additions	1,570	371	1,220	–	891	204	4,256
Disposals	(1,162)	(87)	–	(51,967)	(1,761)	(1,856)	(56,833)
Disposal of a subsidiary	–	–	–	(16,403)	(1,986)	(911)	(19,300)
As at 31 December 2015	**172,234**	**20,556**	**17,341**	**10,284**	**16,374**	**6,669**	**243,458**
Accumulated depreciation							
As at 1 January 2014	123,061	5,948	4,629	92,131	16,415	6,094	248,278
Charge for the year	19,767	520	521	2,991	1,179	1,464	26,442
Disposals	(23,031)	–	–	(26,897)	(1,129)	(1,130)	(52,187)
Disposal of a subsidiary	(28,300)	(267)	–	–	(519)	(497)	(29,583)
As at 31 December 2014 and 1 January 2015	91,497	6,201	5,150	68,225	15,946	5,931	192,950
Charge for the year	19,231	481	504	893	797	958	22,864
Disposals	(1,162)	–	–	(49,337)	(1,668)	(1,734)	(53,901)
Disposal of a subsidiary	–	–	–	(9,497)	(1,552)	(621)	(11,670)
As at 31 December 2015	**109,566**	**6,682**	**5,654**	**10,284**	**13,523**	**4,534**	**150,243**
Carrying amount							
As at 31 December 2015	**62,668**	**13,874**	**11,687**	**—**	**2,851**	**2,135**	**93,215**
As at 31 December 2014	80,329	14,071	10,971	10,429	3,284	3,301	122,385

(i) Outdoor advertising displays are leased to earn revenue (Notes 8 and 38(a)).

(ii) At 31 December 2015, certain items of the Group's property, plant and equipment with an aggregate net carrying amount of approximately RMB29,476,000 (2014: RMBNil) were under finance lease arrangement (Note 30).

18. PREPAID LAND LEASE PAYMENTS

	2015 RMB'000	2014 RMB'000
Carrying amount at 1 January	**2,117**	2,173
Amortisation for the year (Note 9)	**(57)**	(56)
Carrying amount at 31 December	**2,060**	2,117
Current portion included in other receivables, deposits and prepayments (Note 26)	**(57)**	(57)
Non-current portion	**2,003**	2,060

19. GOODWILL

Goodwill acquired in business combination is allocated, at acquisition, to the CGUs that are expected to benefit from that business combination. Goodwill as at 31 December 2015 and 2014 has derived from the acquisition of three subsidiaries, all of which are engaged in the business of dissemination of outdoor advertisements and were allocated as follows:

	2015 RMB'000	2014 RMB'000
Name of attributable subsidiaries		
Nanjing Millennium Ankang International Media Co., Ltd. (南京千禧安康國際傳媒廣告有限公司)	**12,871**	12,871
Beijing Dahe Shuanglong Advertising Co., Ltd. (北京大賀雙龍廣告有限公司)	**1,574**	1,574
Shanghai Dahe Yasi Advertising Co., Ltd. (上海大賀雅思廣告有限公司)	**1,234**	1,234
	15,679	15,679

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

19. GOODWILL (continued)

The recoverable amounts of the CGUs are determined from value-in-use calculations based on cash flow projections from formally approved budgets covering a five-year period. Cash flow beyond the five-year period are extrapolated using an estimated weighted average growth rate of 1% (2014: 1%), which does not exceed the long-term growth rate for the media business in PRC. The key assumptions for the value in-use calculations are gross margins, growth rates and discount rates during the year. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. Gross margins and growth rates are based on industry growth forecasts.

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

	2015	2014
	%	%
Gross margin	**13 to 62**	20 to 55
Growth rate within five years	**0 to 5**	0 to 5
Pre-tax discount rate	**11**	10

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

The recoverable amounts of goodwill relating to the above CGUs determined by value-in-use calculations suggested that there was no impairment loss on goodwill as at 31 December 2015 and 2014.

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

20. OTHER INTANGIBLE ASSETS

	Advertising rights *RMB'000*
Cost	
At 1 January 2014, 31 December 2014, 1 January 2015 and 31 December 2015	4,540
Accumulated amortisation	
At 1 January 2014	2,665
Charge for the year (Note 9)	229
At 31 December 2014 and 1 January 2015	2,894
Charge for the year (Note 9)	225
At 31 December 2015	3,119
Carrying amount	
At 31 December 2015	**1,421**
At 31 December 2014	1,646

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

21. INTERESTS IN A JOINT VENTURE

	2015 *RMB'000*	2014 *RMB'000*
Share of net assets	**1,774**	1,449
Goodwill (Note 35)	**160**	—
	1,934	1,449

The Group has a 47.28% (2014: 34%) investment in a joint venture, Jiangsu Sina Information Service Ltd.* ("Jiangsu Sina") (江蘇新浪互聯信息服務有限公司), a company established and operating in the PRC with limited liability. Jiangsu Sina is principally engaged in design, production, and dissemination of advertisement, which is in line with the Group's strategy to expand the media business, and accounted for using the equity method. Please refer to Note 35 for the details of acquisition of additional interests in a joint venture.

The investment is directly held by the Company.

The contractual arrangement provides the Group with only the rights to net assets of the joint arrangement, with the rights to the assets and obligation for the liabilities of the joint arrangement resting primarily with Jiangsu Sina. Under HKFRS 11, this joint arrangement is classified as a joint venture and has been included in the consolidated financial statements using equity method.

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

The summarised financial information in respect of Jiangsu Sina is presented below:

	2015 *RMB'000*	2014 *RMB'000*
Current assets	**14,049**	14,911
Non-current assets	**1,828**	1,943
Current liabilities	**(12,125)**	(12,591)
	3,752	4,263
Revenue	**25,537**	27,531
Loss and total comprehensive expense for the year	**(511)**	(58)

21. INTERESTS IN A JOINT VENTURE (continued)

Reconciliation of the above summarised financial information to the carrying amount of the interests in a joint venture recognised in the consolidated financial statements:

	2015	2014
	RMB'000	*RMB'000*
Net assets of a joint venture	**3,752**	4,263
Proportion of the Group's interests in a joint venture	**47.28%**	34%
Share of net assets of a joint venture	**1,774**	1,449
Goodwill derived from the acquisition of additional interests in a joint venture (Note 35)	**160**	—
Carrying amount of the Group's interests in a joint venture	**1,934**	1,449

22. INTERESTS IN AN ASSOCIATE

	2015	2014
	RMB'000	*RMB'000*
Share of net assets	**—**	4,389

Particulars of an associate as at 31 December 2015 and 2014 are as follows:

Name	**Place of establishment/ operation**	**Paid-in capital *(RMB'000)***	**Percentage of ownership interests Directly**	**Percentage of ownership interests Indirectly**	**Principal activities**
Nanjing Kaixinyin Electronic Commerce Co., Ltd.* (南京開心印電子商務有限公司) (Note)	The PRC	16,340	—	— (2014:25%)	Technology services provider

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

Note: The interests in an associate were included in the disposal of a subsidiary (Note 36(b)) in 2015.

22. INTERESTS IN AN ASSOCIATE (continued)

The summarised financial information in respect of Nanjing Kaixinyin Electronic Commerce Co., Ltd. (南京開心印電子商務有限公司) is presented below:

	2014
	RMB'000
Current assets	11,736
Non-current assets	6,333
Current liabilities	(511)
	17,558
Revenue	3,576
Profit and total comprehensive income for the year	1,216

Reconciliation of the above summarised financial information to the carrying amount of the interests in an associate recognised in the consolidated financial statements:

	2014
	RMB'000
Net assets of an associate	17,558
Proportion of the Group's interests in an associate	25%
Carrying amount of the Group's interests in an associate	4,389

23. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2015 *RMB'000*	2014 *RMB'000*
Unlisted equity investment, at cost:		
Hangzhou Ultralon Advertising Co., Ltd. ("Hangzhou Ultralon") (Note (i))	**52**	52
Nanjing Dahe Kaixinyin Commercial Printing Co., Ltd. (南京大賀開心印商務印刷有限公司) ("Kaixinyin Printing") (Note (ii))	**—**	200
Investment in funds (Note (ii))	**—**	12,300
	52	12,552

Notes:

(i) Unlisted equity investments in Hangzhou Ultralon represents the remaining 9% equity interest measured at fair value as at the date of disposal after the completion of disposal of the 90% equity interest in Hangzhou Ultralon in 2010.

(ii) The available-for-sale financial assets were included in the disposal of a subsidiary (Note 36(b)) in 2015.

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

24. INVENTORIES

	2015 *RMB'000*	2014 *RMB'000*
Raw materials	**715**	2,658
Work in progress	**49**	44
Finished goods	**784**	808
Artworks	**40,698**	47,022
	42,246	50,532

25. TRADE AND NOTE RECEIVABLES

	2015 RMB'000	2014 RMB'000
Trade receivables	**448,149**	398,899
Less: Impairment losses	**(169,340)**	(157,159)
	278,809	241,740
Note receivables	**1,600**	—
	280,409	241,740

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

	2015 RMB'000	2014 RMB'000
Within 1 month	**54,344**	30,265
Between 2 to 3 months	**77,109**	47,524
Between 4 to 6 months	**37,459**	48,564
Between 7 to 12 months	**35,997**	45,849
Between 1 to 2 years	**59,248**	68,672
Between 2 to 3 years	**14,652**	866
	278,809	241,740

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

25. TRADE AND NOTE RECEIVABLES (continued)

(c) The movements in provision for impairment losses of trade receivables are as follows:

	2015 *RMB'000*	2014 *RMB'000*
At 1 January	**157,159**	114,658
Write off	**(1,106)**	(1,729)
Provision for impairment losses	**46,827**	45,420
Reversal of impairment losses	**(32,401)**	—
Disposal of a subsidiary	**(1,139)**	(1,190)
At 31 December	**169,340**	157,159

The trade receivables of approximately RMB169,340,000 (2014: RMB157,159,000) were individually determined to be impaired. The individually impaired trade receivables related to customers that were in financial difficulties or had a prolonged delay in settlement, and management assessed that only a portion of the receivables is expected to be recovered. Consequently, accumulated allowances for doubtful debts of approximately RMB169,340,000 (2014: RMB157,159,000) have been provided as at 31 December 2015. The Group do not hold any collateral over these balances.

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

(e) The ageing analysis of the trade receivables that were not impaired are as follows:

	2015 *RMB'000*	2014 *RMB'000*
Neither past due nor impaired	**131,453**	77,789
Less than 3 months	**37,459**	48,564
Between 4 to 12 months	**35,997**	45,849
Between 1 to 2 years	**59,248**	68,672
Between 2 to 3 years	**14,652**	866
	278,809	241,740

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

26. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2015 *RMB'000*	2014 *RMB'000*
Other receivables	**21,446**	6,395
Less: Impairment losses	**(3,278)**	(1,244)
	18,168	5,151
Deposits	**5,414**	4,516
Prepayments	**151,989**	55,915
Prepaid land lease payments (Note 18)	**57**	57
	175,628	65,639

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

Deposits mainly are deposits paid in advance for the purchases of (i) artworks and (ii) paper involved in the media production segment.

The movements in provision for impairment losses of other receivables are as follows:

	2015 *RMB'000*	2014 *RMB'000*
At 1 January	**1,244**	2,458
Write off	**(150)**	(305)
Provision for impairment losses	**3,527**	1,766
Disposal of a subsidiary	**(1,343)**	(2,675)
At 31 December	**3,278**	1,244

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

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

As at 31 December 2015 and 2014, the Group did not have any prepayments expected to be utilised after one year.

27. BANK BALANCES AND CASH AND PLEDGED BANK DEPOSITS

As at 31 December 2015, bank deposit of RMB50,000,000 (2014: RMB10,000,000) included in bank balances and cash of the Group has been pledged to a bank as a security of note payables (Note 31).

At the end of the reporting period, all bank balances of the Group denominated in RMB which is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

28. TRADE PAYABLES

An ageing analysis of trade payables at the end of reporting period, based on the invoice date, is as follows:

	2015	2014
	RMB'000	*RMB'000*
Within 1 month	**17,229**	17,336
Between 2 to 3 months	**22,520**	8,560
Between 4 to 6 months	**9,907**	5,711
Between 7 to 12 months	**5,914**	4,135
Between 1 to 2 years	**7,589**	2,653
Over 2 years	**6,584**	7,412
	69,743	45,807

The trade payables are non-interest-bearing and are normally settled on 90-day terms.

29. OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUALS

	2015	2014
	RMB'000	*RMB'000*
Other payables and accruals	**8,795**	5,090
Deposits received	**308**	370
	9,103	5,460

Other payables are non-interest-bearing and are normally settled on 90-day terms.

30. FINANCE LEASE PAYABLES

For the year ended 31 December 2015, the Group has entered into sales and leaseback arrangement for certain items of property, plant and equipment (Note 17) for its business of media dissemination. These leases are classified as finance leases and have remaining lease terms of three years.

At 31 December 2015, the total future minimum lease payments under finance leases and their present values were as follows:

	Minimum lease payments	**Present value of minimum lease payments**
	RMB'000	*RMB'000*
Amounts payable:		
Within one year	7,566	6,937
In the second to third year, inclusive	8,794	8,333
	16,360	15,270
Future finance charges	(1,090)	
Net amount of finance lease payables	15,270	
Portion classified as current liabilities	(6,937)	
Non-current portion	8,333	

31. BANK BORROWINGS

	2015	2014
	RMB'000	*RMB'000*
Bank borrowings, unsecured	**246,500**	277,500
Note payables, secured	**90,000**	20,000
	336,500	297,500

All bank borrowings and note payables as at 31 December 2015 and 2014 were repayable on demand or due within one year. Accordingly, all balances are classified as current liabilities as at 31 December 2015 and 2014.

All bank borrowings and note payables are denominated in RMB.

Included in the Group's bank borrowings, bank borrowings of RMB201,500,000 (2014: RMB117,500,000) were arranged at fixed interest rate, with weighted average effective interest rate of 6.09% (2014: 6.78%). The remaining bank borrowings of RMB45,000,000 (2014: RMB160,000,000) were arranged at floating interest rate, with weighted average effective interest rate of 5.36% (2014: 6.57%).

31. BANK BORROWINGS (continued)

As at 31 December 2015, the Group's bank borrowings of RMB246,500,000 (2014: RMB277,500,000) were secured by (1) corporate guarantee from the holding company, and (2) guaranteed by Mr. He Chaobing, a shareholder and director of the Company, and his spouse (Note 40(f)).

Note payables outstanding as at 31 December 2015 were issued with terms of 6 months, which were secured by charges over the Group's bank deposits of RMB50,000,000 (2014: RMB10,000,000) (Note 27) and were arranged at fixed interest rate, with weighted average effective interest rate of 3.71% (2014: 4.93%).

32. SHARE CAPITAL

	Number of shares *'000*	Amount *RMB'000*
Issued and fully paid:		
580,000,000 unlisted domestic shares of RMB0.10 each	580,000	58,000
250,000,000 H shares of RMB0.10 each	250,000	25,000
Total domestic shares and H shares of RMB0.10 each at 31 December 2014 and 2015	830,000	83,000

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

During the year ended 31 December 2015, the shareholders have granted the General Mandate subject to the limit of up to 20% of the aggregate nominal amount of each of the capital of the H Shares and/or Domestic Shares of the Company in issue as at the date of passing of the resolution by Shareholders at the annual general meeting held on 30 June 2015 (i.e. 116,000,000 Domestic Shares and 50,000,000 H Shares in number). The General Mandate will be valid for the period from the passing of the resolution until whichever is the earliest of:

(i) the conclusion of 2015 annual general meeting of the Company; or

(ii) the expiration of the 12-month period following the passing of the resolution (i.e. 30 June 2015); or

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

33. RESERVES

(a) The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of the consolidated financial statements.

(b) Nature of reserve

(i) Share premium and capital reserve

The balance included (1) share premium of RMB95,745,000 (2014: RMB95,745,000) that represents the premium arising from the issue of shares at a price in excess of par value per share; and (2) revaluation gain of RMB1,507,000 (2014: RMB1,507,000) arose upon transfer of owner-occupied properties to investment properties in previous years.

(ii) Statutory surplus reserve

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

(iii) Other reserve

The balance was mainly represented the excess of the net assets of the subsidiary acquired over the consideration paid was recognised as a decrease in non-controlling interests of approximately RMB48,289,000.

33. RESERVES (continued)

(c) A summary of the Company's reserves is as follows:

	Share premium and capital reserve *RMB'000*	Statutory surplus reserve *RMB'000*	Retained profits *RMB'000*	Total *RMB'000*
At 1 January 2014	97,252	23,152	121,406	241,810
Profit and total comprehensive income for the year	—	—	5,582	5,582
Appropriations to statutory surplus reserve	—	263	(263)	—
At 31 December 2014 and 1 January 2015	97,252	23,415	126,725	247,392
Profit and total comprehensive income for the year	—	—	15,092	15,092
Appropriations to statutory surplus reserve	—	707	(707)	—
At 31 December 2015	97,252	24,122	141,110	262,484

34. ACQUISITION OF ADDITIONAL INTERESTS IN A SUBSIDIARY

On 30 May 2014, the Company entered into a sale and purchase agreement with Dahe Investment Holdings Group, Co., Ltd. ("Dahe Investment"), the holding company of the Company, pursuant to which, the Company acquired 49% equity interests in Nanjing Millennium Ankang International Media Co., Ltd. ("Nanjing Ankang") from Dahe Investment at a consideration of approximately RMB63,750,000. Upon completion of such acquisition on 29 August 2014, the Company held a 100% equity interests in Nanjing Ankang and the movement of the capital reserve is as follows:

	2014 *RMB'000*
Consideration paid to non-controlling interests	63,750
Carrying amount of non-controlling interests acquired	(15,461)
Excess of consideration paid recognised in other reserve	48,289

35. ACQUISITION OF ADDITIONAL INTERESTS IN A JOINT VENTURE

On 9 November 2015, the Company entered into a sale and purchase agreement with an independent third party, Beijing Sina Information Service Limited* ("Beijing Sina") (北京新浪互聯信息服務有限公司), pursuant to which, the Company acquired 13.28% equity interests in Jiangsu Sina from Beijing Sina at a consideration of approximately RMB664,000. Upon completion of such acquisition on 3 December 2015, the Company held a 47.28% equity interests in Jiangsu Sina.

	2015 ***RMB'000***
Consideration paid to Beijing Sina	**664**
Carrying amount of joint venture acquired	**(504)**
Excess of consideration paid recognised as goodwill included in interests in a joint venture (Note 21)	**160**

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

36. DISPOSAL OF A SUBSIDIARY

(a) On 13 October 2014, the Company disposed of its 55% equity interests in Sichuan Xintianjie Media Technology Development Co. Ltd. ("Sichuan Xintianjie") to Sichuan Aidi Technology Co., Ltd., an independent third party, for a consideration of approximately RMB11,187,000. The disposal was completed on 24 October 2014, the date on which the control of Sichuan Xintianjie was transferred to the acquirer. Net assets of the Sichuan Xintianjie at the date of disposal were as follows:

	2014 *RMB'000*
Property, plant and equipment	11,941
Trade receivables	14,124
Other receivables, deposits and prepayments	6,823
Bank balances and cash	2,115
Trade payables	(846)
Other payables, deposits received and accruals	(10,444)
Income tax payables	(1,866)
Other tax payables	(209)
Non-controlling interests	(11,407)
	10,231
Gain on disposal of a subsidiary (Note 8)	956
Total consideration	11,187
Satisfied by:	
Cash	11,187

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	RMB'000
Cash consideration received	11,187
Cash and bank balances disposed of	(2,115)
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary	9,072

36. DISPOSAL OF A SUBSIDIARY (continued)

(b) On 21 August 2015, the Company disposed of its 90% equity interests in Nanjing Dahe Colour Priting Co., Ltd. ("Dahe Printing") to Mr. Lu Xiaolin, an independent third party, for a consideration of approximately RMB20,140,000. The disposal was completed on 21 August 2015, the date on which the control of Dahe Printing was transferred to the acquirer. Net assets of the Dahe Printing at the date of disposal were as follows:

	2015 ***RMB'000***
Property, plant and equipment	**7,630**
Available-for-sale financial assets	**12,500**
Interests in an associate	**3,892**
Inventories	**1,027**
Trade receivables	**7,029**
Other receivables, deposits and prepayments	**19,389**
Bank balances and cash	**479**
Trade payables	**(3,967)**
Other payables, deposits received and accruals	**(17,670)**
Interest-bearing bank borrowing, unsecured	**(10,000)**
Other tax payables	**(149)**
Non-controlling interests	**(2,010)**
	18,150
Gain on disposal of a subsidiary (Note 8)	**1,990**
Total consideration	**20,140**
Satisfied by:	
Cash	**20,140**

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	RMB'000
Cash consideration received	**20,140**
Cash and bank balances disposed of	**(479)**
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary	**19,661**

37. FINANCIAL GUARANTEE LIABILITIES

At 31 December 2015, the Group had outstanding guarantees of RMB15,000,000 (2014: RMB5,000,000) provided to the holding company for its bank borrowings (Note 40(g)).

As at the end of reporting period, the directors do not consider it probable that a claim will be made against the Group under these guarantees. The maximum liability of the Group at the end of reporting period under these guarantees are the amount of the facilities drawn down by the holding company that are covered by these guarantees, being RMB15,000,000 (2014: RMB5,000,000).

The Group has recognised guarantee fee income in respect of the issuance of financial guarantee for the holding company (Note 40(a)(i)).

38. OPERATING LEASE ARRANGEMENTS

(a) As a lessor

	2015		2014	
	Investment properties	**Outdoor advertising displays**	Investment properties	Outdoor advertising displays
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Rental income under operating leases (Note 8)	**2,350**	**281,205**	1,790	247,716

The Group leases part of its investment properties to a fellow subsidiary (Note 40(a)(iii)) under operating lease arrangements, and annual fees receivable on contracts to lease outdoor advertising displays for dissemination of outdoor advertising displays and media advertisement. The lease for the investment properties was negotiated for a term of ten years (2014: ten years) at fixed rentals. Advertising right contracts are negotiated for terms from one to six years (2014: one to six years) at fixed rentals. None of these contacts include contingent rentals.

At 31 December 2015, the Group had total future minimum lease receivables under non-cancellable operating lease with its tenants falling due as follows:

	2015		2014	
	Investment properties	**Outdoor advertising displays**	Investment properties	Outdoor advertising displays
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Within one year	**1,790**	**32,006**	1,550	40,060
In the second to fifth years, inclusive	**6,440**	**1,926**	7,750	8,292
After five years	**1,033**	**—**	1,033	—
	9,263	**33,932**	10,333	48,352

38. OPERATING LEASE ARRANGEMENTS (continued)

(b) As a lessee

	2015		2014	
	Land and buildings	**Outdoor advertising displays**	Land and buildings	Outdoor advertising displays
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Rental expenses under operating leases recognised as expense in the year (included in cost of services – (Note 9))	**5,279**	**158,917**	5,966	88,134

The Group leases certain of its leased properties under operating lease arrangements, and annual fees payable on contracts in respect of the granting of advertising rights and related outdoor advertising displays rentals. The leases for properties are negotiated for terms from one to ten years (2014: one to thirteen years) at fixed rentals, and advertising right contracts and related advertising displays rentals are negotiated for terms from one to twenty years (2014: one to twenty years) at fixed rentals. None of the leases includes contingent rentals.

At 31 December 2015, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2015		2014	
	Land and buildings	**Outdoor advertising displays**	Land and buildings	Outdoor advertising displays
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Within one year	**4,799**	**22,677**	4,606	22,837
In the second to fifth years, inclusive	**1,355**	**36,388**	5,670	33,470
After five years	**—**	**14,486**	1,000	22,253
	6,154	**73,551**	11,276	78,560

39. CAPITAL COMMITMENTS

In addition to the operating lease commitments detailed in Note 38 above, the Group had the following capital commitments at the end of the reporting period:

	2015 RMB'000	2014 RMB'000
Contracted but not provided for:		
Capital injection to available-for-sales financial assets	—	1,923
Purchases of property, plant and equipment	—	239
	—	2,162

40. RELATED PARTY TRANSACTIONS

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

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

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

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

^ Kaixinyin ceased to be an associate of the Company from 21 August 2015.

40. RELATED PARTY TRANSACTIONS (continued)

(a) In addition to the transactions detailed elsewhere in these consolidated financial statements, the Group had the following transactions with related parties during the year:

	Note	2015 RMB'000	2014 RMB'000
Holding company			
Guarantee fee income received*	(i)	**700**	1,300
Acquisition of additional interests in a subsidiary (Note 34)		**—**	63,750
Fellow subsidiaries			
Sales*	(ii)	**2,042**	3,976
Rental income received	(iii)	**240**	240
Construction of advertising displays paid*	(iv)	**—**	14,960
Associate			
Sales^	(ii)	**807**	—
Rental income received^	(iii)	**30**	—

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

^ Amount represented sales to and rental income from Kaixinyin during the period from 1 January 2015 to 21 August 2015.

Notes:

(i) Guarantee fee income was received from the holding company in respect of the issuance of financial guarantee for the holding company's borrowing, which is based on 4% (2014: 4%) of the guaranteed amount.

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

(iii) Rental income of investment properties was received from a fellow subsidiary and an associate in accordance with the rental agreement.

(iv) The Group entered into a master engineering and construction agreement with a fellow subsidiary whereby the Group has agreed to engage the fellow subsidiary to construct and install poles, frames or other outdoor advertisement fixtures for a period from 1 July 2015 to 31 December 2017 (2014: for a period from 1 July 2012 to 31 December 2014). The service fees payable by the Group are mutually agreed between the Company and the fellow subsidiary, provided that the service fees charged by the fellow subsidiary are not less favourable than the amount that the fellow subsidiary would charge other independent customers.

40. RELATED PARTY TRANSACTIONS (continued)

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

	2015	2014
	RMB'000	*RMB'000*
Short term benefits	**1,411**	1,669

Further details of directors, supervisors and employees' emoluments are included in Note 14 to the consolidated financial statements.

(c) Amount due from holding company is unsecured, interest free and repayable on demand.

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

(e) Amounts due from/(to) related companies are unsecured, interest free and repayable on demand. The carrying amount of the amounts due from related companies represents the respective maximum amounts outstanding during 2015 and 2014.

(f) As at 31 December 2015, the Group's bank borrowings of RMB246,500,000 (2014: RMB277,500,000) was secured by (1) corporate guarantee from the holding company, and (2) guaranteed by Mr. He Chaobing, a shareholder and director of the Company and his spouse (Note 31). The Group has not recognised any deferred expenses in respect of the guarantee by Mr. He Chaobing and his spouse and corporate guarantee from the holding company as its fair value cannot be reliably measured and its transaction price is nil.

(g) As at 31 December 2015, bank borrowings of RMB15,000,000 of holding company was guaranteed by the Group (2014: RMB5,000,000) (Note 37).

41. DEFINED CONTRIBUTION RETIREMENT BENEFIT SCHEME

The employees of the Group are members of a defined contribution retirement benefit scheme operated by a local Municipal Government of the PRC. The Group and the employees are each required to make contributions to the retirement benefit scheme at the rates based on certain percentages of the employees' basic salaries in accordance with the relevant regulations in the PRC, which range from 28% to 35% (2014: 29% to 35%) and are charged to profit or loss as incurred. The only obligation of the Group with respect to the retirement benefits scheme is to make the required contributions under the scheme. No forfeited contribution is available to reduce the contribution payable in future years.

42. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments at the end of reporting period as follows:

	2015	2014
	RMB'000	*RMB'000*
Financial assets:		
Loans and receivables	**458,321**	389,806
Available-for-sale financial assets	**52**	12,552
	458,373	402,358
Financial liabilities:		
Financial liabilities measured at amortised cost	**435,994**	352,342

43. FINANCIAL RISK MANAGEMENT

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

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

(a) Credit risk

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

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

43. FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk (continued)

The Group's exposure to credit risk is mainly influenced by the individual characteristics of each customer. The default risk of the industry in which customers operate also has an influence on credit risk but to a lesser extent. At the end of reporting period, the Group has certain concentration of credit risk as 6% (2014: 11%) and 18% (2014: 30%) of the total trade receivables and other receivables was due from the Group's largest customer and the five largest customers, respectively.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade receivables and other receivables are set out in Notes 25 and 26 to the consolidated financial statements.

Maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position after deducting any impairment allowance. Except for the financial guarantees given by the Group as set out in Note 37, the Group does not provide any other guarantees which would expose the Group to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the end of reporting period is disclosed in Note 37 to the consolidated financial statements.

(b) Liquidity risk

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

43. FINANCIAL RISK MANAGEMENT (continued)

(b) Liquidity risk (continued)

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

	Carrying amount *RMB'000*	Total contractual undiscounted cash flow *RMB'000*	Within 1 year or on demand *RMB'000*	Over 1 year *RMB'000*
2015				
Trade payables	**69,743**	**69,743**	**69,743**	**—**
Other payables, deposits received and accruals	**9,103**	**9,103**	**9,103**	**—**
Bank borrowings	**336,500**	**354,522**	**354,522**	**—**
Finance lease payables	**15,270**	**16,360**	**7,566**	**8,794**
Due to related companies	**196**	**196**	**196**	**—**
Due to fellow subsidiaries	**899**	**899**	**899**	**—**
	431,711	**450,823**	**442,029**	**8,794**
Financial guarantees issued				
Maximum amount guaranteed	**—**	**15,000**	**15,000**	**—**

	Carrying amount *RMB'000*	Total contractual undiscounted cash flow *RMB'000*	Within 1 year or on demand *RMB'000*
2014			
Trade payables	45,807	45,807	45,807
Other payables, deposits received and accruals	5,460	5,460	5,460
Bank borrowings	297,500	317,670	317,670
Due to related companies	433	433	433
Due to fellow subsidiaries	1,109	1,109	1,109
	350,309	370,479	370,479
Financial guarantees issued			
Maximum amount guaranteed	–	5,000	5,000

43. FINANCIAL RISK MANAGEMENT (continued)

(c) Interest rate risk

The Group is exposed to interest rate risk due to changes in interest rates of interest-bearing financial assets and liabilities. Interest-bearing financial assets are mainly bank deposits, which are mostly short-term in nature whereas interest-bearing financial liabilities are primarily bank borrowings. As at 31 December 2015, the Group's fair value interest-rate risk mainly arises from bank borrowings as disclosed in Note 31 to the consolidated financial statements. Bank borrowings which were issued at fixed rates expose the Group to fair value interest-rate risk. The Group is also exposed to cash flow interest rate risk in relation to floating-rate bank borrowings. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation on the rate determined by the People's Bank of China arising from the Group's RMB denominated bank borrowings.

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

Sensitivity analysis

At 31 December 2015, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would decrease/increase the Group's after-tax profit for the year and retained profits by approximately RMB191,250 (2014: approximately RMB675,000).

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

(d) Currency risk

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

44. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

All financial instruments are carried at amounts not materially different from their fair values as at 31 December 2015 and 2014, except for the amounts due from holding company, fellow subsidiaries and related companies which are unsecured, non-interest bearing and have no fixed repayment terms, and available-for-sale financial assets which are stated at cost less impairment at the end of reporting period. Given these terms it is not meaningful to disclose their fair values.

45. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of debts, which includes the finance lease payables and bank borrowings disclosed in Notes 30 and 31, respectively, to the consolidated financial statements, bank balances and cash and pledged bank deposits in Note 27 to the consolidated financial statements and total equity.

The Group's risk management reviews the capital structure on a semi-annual basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. During the year, the Group's strategy, was to maintain the net debt-to-adjusted capital ratio at the lower end of the range from 40% to 45% (2014: 20% to 40%). In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

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

	Note	**2015** ***RMB'000***	2014 *RMB'000*
Finance lease payables	30	**15,270**	—
Bank borrowings	31	**336,500**	297,500
Bank balances and cash and pledged bank deposits	27	**(117,050)**	(106,495)
Net debt		**234,720**	191,005
Equity attributable to owners of the Company		**328,951**	306,958
Capital and net debt		**563,671**	497,963
Gearing ratio		**42%**	38%

46. EVENT AFTER THE REPORTING PERIOD

The Group did not have any significant event after the reporting period.

47. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform to current year's presentation.

48. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 24 March 2016.

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five years, prepared on the basis set out in Note 3 is set out below:

RESULTS

	Year ended 31 December				
	2015	2014	2013	2012	2011
	RMB	RMB	RMB	RMB	RMB
	'000	*'000*	*'000*	*'000*	*'000*
Revenue	**459,036**	422,060	428,954	454,801	429,741
Cost of sales	**(323,665)**	(250,402)	(271,417)	(294,322)	(281,959)
Gross profit	**135,371**	171,658	157,537	160,479	147,782
Other revenue and other gains, net	**7,179**	7,956	12,235	3,748	2,580
Selling and distribution expenses	**(31,593)**	(37,789)	(40,283)	(39,012)	(40,560)
Administrative expenses	**(53,893)**	(84,089)	(83,671)	(77,460)	(61,808)
Share of results of a joint venture	**(179)**	(20)	222	(321)	(132)
Share of results of an associate	**(497)**	304	—	—	—
Finance costs	**(21,283)**	(19,819)	(21,127)	(19,379)	(18,680)
Profit before tax	**35,105**	38,201	24,913	28,055	29,182
Income tax expense	**(13,500)**	(21,741)	(11,269)	(15,867)	(8,134)
Profit for the year	**21,605**	16,460	13,644	12,188	21,048
Attributable to:					
Owners of the Company	**21,993**	13,396	6,163	8,860	13,561
Non-controlling interests	**(388)**	3,064	7,481	3,328	7,487
	21,605	16,460	13,644	12,188	21,048

ASSETS AND LIABILITIES

	31 December				
	2015	2014	2013	2012	2011
	RMB	RMB	RMB	RMB	RMB
	'000	*'000*	*'000*	*'000*	*'000*
Non-current assets	**156,104**	201,328	210,032	253,527	260,622
Current assets	**652,613**	496,310	580,943	432,570	488,966
Current liabilities	**(465,904)**	(383,099)	(421,182)	(330,550)	(383,857)
Net current assets	**186,709**	113,211	159,761	102,020	105,109
Non-current liabilities	**(13,456)**	(4,777)	(1,334)	(582)	—
Net assets	**329,357**	309,762	368,459	354,965	365,731

Note:

1. The consolidated financial information as at 31 December 2013, 2012 and 2011 are extracted from the Company's published annual reports. The consolidated financial information of the Group as at 31 December 2015 and 2014 are as set out in page 49 to 51 of the annual report.