DHA GROUP

大賀傳媒股份有限公司

DAHE MEDIA CO., LTD.*

(a joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 8243)

FOR THE YEAR ENDED 31ST DECEMBER, 2007
ANNUAL RESULTS ANNOUNCEMENT

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET OF THE STOCK EXCHANGE OF HONG KONG LIMITED ("STOCK EXCHANGE")

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sector or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of 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.

The principal means of information dissemination on GEM is publication on the Internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

This announcement, for which the directors (the "Directors") of 大賀傳媒股份有限公司 (Dahe Media Co., Ltd.) (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

HIGHLIGHTS

- For the year ended 31st December, 2007, the Group turnover of approximately RMB324,290,000, representing a decrease of approximately 16.53% over the corresponding period in 2006.
- For the year ended 31st December, 2007, the Group recorded operating profit of approximately RMB38,400,000 representing an increase of approximately 8.6% over the corresponding period in 2006.
- For the year ended 31st December, 2007, net profit of the Group was approximately RMB20,610,000. Basic earnings per share were approximately RMB2.5 cents.
- The Group's turnover was principally derived from the revenue of outdoor advertisement poster design, printing and production business, and dissemination of outdoor advertisement, representing approximately 44% (2006: 37%) and 56% (2006: 63%) of the total turnover respectively.

Consolidated Income Statement

For the year ended 31st December, 2007
(Expressed in Renminbi)

	Note	**2007** *RMB'000*	2006 *RMB'000*
Turnover	5	**324,294**	388,526
Cost of sales		**(219,082)**	(290,623)
Gross profit		**105,212**	97,903
Other revenue and gain	6	**4,064**	5,720
Distribution costs		**(30,450)**	(30,716)
Administrative expenses		**(40,431)**	(37,544)
Operating profit	7	**38,395**	35,363
Finance costs	8	**(10,958)**	(11,560)
Profit before income tax		**27,437**	23,803
Income tax	9	**(6,634)**	(6,620)
Profit for the year		**20,803**	17,183
Attributable to:			
Equity holders of the Company		**20,608**	19,001
Minority interest		**195**	(1,818)
		20,803	17,183
Dividends	10	**8,051**	—
Earnings per share – Basic (RMB)	11	**0.025**	0.023

Consolidated Balance Sheet

At 31st December, 2007
(Expressed in Renminbi)

	2007	2006
	RMB'000	*RMB'000*
ASSETS AND LIABILITIES		
Non-current assets		
Investment property	**2,380**	—
Property, plant and equipment	**166,778**	192,276
Construction in progress	**23,579**	622
Land use right	**5,168**	5,284
Available-for-sale financial asset	**19,922**	—
Goodwill	**15,519**	15,519
Other intangible assets	**3,221**	3,446
	236,567	217,147
Current assets		
Inventories	**7,401**	9,783
Trade and note receivables	**74,316**	81,450
Other receivables, deposits and prepayments	**44,065**	69,074
Amount due from holding company	**—**	1,631
Amount due from a former subsidiary	**1,506**	—
Amounts due from related companies	**55,863**	48,828
Bank balances and cash and pledged bank deposits	**171,247**	112,569
	354,398	323,335
Current liabilities		
Bank borrowings, secured	**190,000**	175,000
Trade payables	**21,345**	17,927
Other payables, deposits received and accruals	**6,545**	10,470
Deferred advertising income	**27,293**	20,862
Amounts due to holding company	**25,754**	—
Amounts due to related companies	**445**	532
Other tax payables	**3,669**	4,117
Current tax liabilities	**5,830**	4,976
	280,881	233,884
Net current assets	**73,517**	89,451
Net assets	**310,084**	306,598

Consolidated Balance Sheet

At 31st December, 2007

(Expressed in Renminbi)

	2007	2006
	RMB'000	*RMB'000*
CAPITAL AND RESERVES		
Share capital	**83,000**	83,000
Reserves	**207,963**	189,845
Equity attributable to equity holders of the Company	**290,963**	272,845
Minority interest	**19,121**	33,753
Total equity	**310,084**	306,598

Consolidated Statement of Changes in Equity

For the year ended 31st December, 2007

(Expressed in Renminbi)

	Attributable to equity holders of the Company							
			PRC statutory funds					
	Share capital *RMB'000*	Share Premium and capital reserves *RMB'000*	Statutory surplus reserve *RMB'000*	Staff welfare reserve *RMB'000*	Retained profits *RMB'000*	Total reserves *RMB'000*	Minority interests *RMB'000*	Total equity *RMB'000*
Balance at					(a)			
1st January, 2006	**83,000**	**95,914**	**10,814**	**5,407**	**63,506**	**175,641**	**32,626**	**291,267**
Dividend declared and paid	—	—	—	—	(4,797)	(4,797)	—	(4,797)
Profit for the year	—	—	—	—	19,001	19,001	(1,818)	17,183
Appropriations from retained profits	—	—	2,039	—	(2,039)	—	—	—
Transfer	—	—	5,407	(5,407)	—	—	—	—
Minority interest – Business combination	—	—	—	—	—	—	2,945	2,945
Balance at 31st December, 2006 and 1st January, 2007	**83,000**	**95,914**	**18,260**	**—**	**75,671**	**189,845**	**33,753**	**306,598**
Dividend declared and paid	—	—	—	—	(2,490)	(2,490)	—	(2,490)
Profit for the year	—	—	—	—	20,608	20,608	195	20,803
Appropriations from retained profits	—	—	2,378	—	(2,378)	—	—	—
Release from disposal and liquidation of subsidiaries	—	—	(983)	—	983	—	—	—
Acquisition of additional equity interest of a subsidiary from a minority equity holder	—	—	—	—	—	—	(689)	(689)
Disposal and liquidation of subsidiaries	—	—	—	—	—	—	(14,138)	(14,138)
Balance at 31st December, 2007	**83,000**	**95,914**	**19,655**	**—**	**92,394**	**207,963**	**19,121**	**310,084**

(a) The proposed final dividend for the year ended 31st December, 2007 and balance of retained profits after proposed final dividend were approximately RMB5,561,000 and RMB86,833,000 respectively.

Notes:

1. **ORGANISATION AND OPERATIONS**

The Company is a joint stock company established in the People's Republic of China (the "PRC") with limited liability and its H shares were listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited ("GEM") on 13th November, 2003.

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

The directors consider the ultimate holding company of the Company to be Jiangsu Dahe International Advertising Group, Co., Ltd. (江蘇大賀國際廣告集團有限公司), a company established in the PRC.

2. **BASIS OF PRESENTATION OF FINANCIAL STATEMENTS**

An application for the liquidation of Chongqing Dahe Basu Media Co., Ltd. ("Dahe Basu"), a 60%-owned subsidiary of the Company up to 14th May, 2007, was made to a PRC court during the year as a result of a dispute between the Company and the 40% equity owner of Dahe Basu (the "Minority Owner") in the operations of Dahe Basu. Pursuant to a PRC court order dated 15th May, 2007, a liquidation team (comprising representatives of the Company and the Minority Owner, and a PRC liquidator) was appointed by the PRC court on 15th May, 2007. The liquidation team is responsible for reporting the results of liquidation of Dahe Basu to the PRC court and was authorised by the PRC court to, among others, retain all books and records of Dahe Basu, prepare its financial statements, and manage and realise the assets of Dahe Basu for liquidation purpose. As of the date of this report, the liquidation has not been completed and the liquidation team led by the PRC liquidator has not released any sufficient reliable financial information of Dahe Basu of the current year to the directors of the Company.

Notwithstanding that Dahe Basu was a subsidiary of the Company for the period from 1st January, 2007 to 14th May, 2007 (the "Period"), the Minority Owner was responsible for the daily operations and preparation of certain books and records of Dahe Basu during the Period, and the Group had no access to the books and records of Dahe Basu for the purpose of obtaining the relevant financial information of Dahe Basu to consolidate its results for the Period into the Group's consolidated financial statements for the year. Accordingly, the Group de-consolidated the results and financial position of Dahe Basu from the Group's consolidated financial statements from 1st January, 2007, and accounted for the Group's investment in Dahe Basu as an available-for-sale financial asset. The Group's attributable share of the net assets of Dahe Basu as at 31st December, 2006 was deemed as the initial cost of the available-for-sale financial asset as from 15th May, 2007. Moreover, the Group has also recorded an amount due from Dahe Basu pursuant to the above de-consolidation of assets and liabilities of Dahe Basu.

No impairment allowance was made by the directors in respect of (i) the Group's and the Company's equity interest in Dahe Basu which was recognised as an available-for-sale financial asset with the carrying amount of approximately RMB19,922,000 and RMB20,394,000 respectively as at 31st December, 2007; and (ii) the Group's and the Company's amounts due from Dahe Basu of approximately RMB1,506,000 and RMB177,000 respectively as at 31st December, 2007. In the opinion of the directors, there was no sufficient reliable financial information available for assessing the impairment on the above assets of the Group and the Company as at 31st December, 2007, and no allowance was made accordingly.

3. **STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance, except for the departure from the requirements of HKAS 27 "Consolidated and Separates Financial Statements" as disclosed in note 2 to the financial statements. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM.

The consolidated financial statements have been prepared under the historical cost convention, as modified for the revaluation of an investment property which is carried at fair value.

4. ADOPTION OF NEW AND REVISED HKFRSs

In the current year, the Group has adopted all of the new and revised HKFRSs that are relevant to its operations and effective for the current accounting period of the Group and the Company. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group's accounting policies.

The impact of the adoption of HKFRS 7 "Financial Instruments: Disclosures" and HKAS 1 "Amendment: Capital Disclosures" has been to expand the disclosures provided in these financial statements regarding the Group's financial instruments and management of capital.

At the date of authorisation of these financial statements, the following standards and interpretations were in issue but not yet effective:

		Effective for annual periods beginning on or after
HKAS 1 (Revised)	Presentation of financial statements	1st January, 2009
HKAS 23 (Revised)	Borrowing Costs	1st January, 2009
HKFRS 8	Operating Segments	1st January, 2009
HK(IFRIC) – Int 11	HKFRS 2 – Group and treasury share transactions	1st March, 2007
HK(IFRIC) – Int 12	Service Concession Arrangements	1st January, 2008
HK(IFRIC) – Int 13	Customer loyalty programmes	1st July, 2008
HK(IFRIC) – Int 14	HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction	1st January, 2008

The Group is in the process of making an assessment of what the impact of these new or revised standards or interpretations is expected to be in the period of their initial application.

5. TURNOVER

Turnover represents the invoiced amount of production and goods sold and services provided to outside customers after any allowances for returns and discounts and is analysed as follows:

	2007	2006
	RMB'000	*RMB'000*
Outdoor advertisement design and production fees:		
– Printed posters	**131,557**	109,279
– Signages	**7,054**	29,596
– Electronic media products	**4,833**	3,713
– Sale of lamps for outdoor advertisement	**234**	674
Income from dissemination of outdoor and media advertisements		
– Advertising sites income	**146,406**	202,654
– Others	**33,182**	40,960
Franchise fee income	**1,028**	1,650
	324,294	388,526

The turnover, operating profit and assets of the Group are entirely derived from one business and geographical segment which is the provision of outdoor advertising services in the PRC. Accordingly, no analysis by business or geographical segment is presented.

6. OTHER REVENUE AND GAIN

	2007	2006
	RMB'000	*RMB'000*
Gain on disposal of a subsidiary	**497**	2,206
Government subsidies *(Note)*	**2,009**	1,915
Interest income	**680**	1,067
Rental income	**240**	240
Others	**638**	292
	4,064	5,720

Note: The Group received various cash grants from the Nanjing Economy and Technology Development Zone Management Committee and Gaochun Technology Improvement Fund for encouraging the establishment of businesses in the Technology Development Zone in these regions and new product development. The grants were computed based on rates ranging from 30% to 50% (2006: 21% to 70%) of business or local tax paid.

7. OPERATING PROFIT

	2007	2006
	RMB'000	*RMB'000*
Operating profit is arrived at after charging the following:		
Cost of inventories *(Note)*	**110,444**	102,020
Cost of services *(Note)*	**108,638**	188,603
Auditors' remuneration	**930**	860
Depreciation	**31,652**	39,716
Amortisation of land use right	**116**	115
Amortisation of other intangible assets	**225**	225
Allowance for bad and doubtful debts, net	**4,596**	2,980
Allowance for obsolete inventories (included in cost of sales)	**194**	315
Exchange losses, net	**327**	470
Loss on disposal of property, plant and equipment	**374**	683
Employee benefit expenses (excluding directors' and supervisors' remuneration)		
– Salaries, bonus and allowances	**25,800**	29,126
– Retirement benefit scheme contributions	**1,860**	1,382

Note: Cost of inventories and cost of services included approximately RMB17,495,000 (2006: RMB20,305,000) and RMB1,205,000 (2006: RMB1,336,000) respectively relating to staff costs, depreciation and amortisation expenses, which are also included in the respective total amounts disclosed separately above.

8. FINANCE COSTS

	2007	2006
	RMB'000	*RMB'000*
Interest expenses on bank loans wholly repayable within five years	**10,523**	11,508
Bank charges	**435**	52
	10,958	11,560

9. INCOME TAX

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

Pursuant to the relevant laws and regulations in the PRC, the Company, being qualified as a new and high technology enterprise and registered in a high technology zone is eligible for a preferential EIT rate of 15% for the year ended 31st December, 2007 (2006: 15%).

Based on the local income tax regulations, profits of the Company's branch at Shenzhen is subject to separate tax assessments for the year ended 31st December, 2006 and 2007 and is levied based on EIT rate of 15% (2006: 15%) on the respective estimated taxable income. For the year ended 31st December, 2006, the Company's branches at Wuhan, Guangzhou and Shanghai were also subject to separate tax assessments. Taxation on those branches was levied based on the EIT rate of 33% on the respective estimated taxable income for the prior year.

During the year, the subsidiaries of the Company are subject to standard statutory EIT rate of 33% (2006: 33%).

On 16th March, 2007, the Fifth Plenary Session of the Tenth National People's Congress promulgated the Corporate Income Tax Law of the PRC ("the New Tax Law"), which became effective on 1st January, 2008. Further, on 6th December, 2007, the State Council released the Implementation Rules to the Corporate Income Tax Law.

According to the New Tax Law, the standard EIT rates for enterprises in the PRC will be reduced from 33% to 25% with effect from 1st January, 2008. However, a "new and high technology enterprise" will continue to be entitled to a reduced EIT rate of 15%. The detailed application of the newly introduced preferential tax policies have yet to be made public.

Taxation in the consolidated income statement represents:-

	2007	2006
	RMB'000	*RMB'000*
Current tax – PRC		
– Provision for the year	**6,682**	6,755
– Over provision in respect of prior years	**(48)**	(135)
	6,634	6,620

The taxation charge for the year can be reconciled to the accounting profit as follows:

	2007	2006
	RMB'000	*RMB'000*
Profit before income tax	**27,437**	23,803
Tax calculated at the statutory EIT rate of 33%	**9,054**	7,855
Tax effect of expenses not deductible for taxation purposes	**3,351**	2,699
Tax effect of non-taxable items	**(9)**	(20)
Utilisation of previously unrecognised tax losses	**(221)**	(16)
Tax effect of unused tax losses of subsidiaries not recognised	**314**	2,138
Reduction of income tax under preferential tax treatment	**(5,807)**	(5,901)
Over provision in respect of prior years	**(48)**	(135)
Income tax expense for the year	**6,634**	6,620

At 31st December, 2007, the Group has unused tax losses of RMB8,243,000 (2006: RMB9,747,000) and deductible temporary differences of RMB2,720,000 (2006: RMB3,216,000) available for offset against future profits. 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.

10. DIVIDENDS

	2007	2006
	RMB'000	*RMB'000*
2006 final dividend of RMB0.0003 (2006: RMB Nil) per ordinary share and 2006 special dividend of RMB0.0027 (2006: RMB Nil) per share	**2,490**	—
2007 final dividend proposed after the balance sheet date of RMB0.0067 per ordinary share	**5,561**	—
	8,051	—

During the year ended 31st December, 2007, the aggregate 2006 final and special dividends of RMB0.003 per share (total dividend of RMB2,490,000) were declared and paid to shareholders.

In respect of the current year, the directors propose that a dividend of RMB0.0067 per share will be paid to shareholders. This dividend is subject to approval by the shareholders at the annual general meeting and has not been included as a liability in these financial statements. The proposed dividend is payable to all shareholders on the register of members on 19th April, 2008. The total estimated dividend to be paid is RMB5,561,000.

11. EARNINGS PER SHARE

The calculation of the basic earnings per share for the year ended 31st December, 2007 is based on the profit attributable to equity holders of the Company of RMB20,608,000 (2006: RMB19,001,000) and on the weighted average number of shares in issue of 830,000,000 (2006: 830,000,000).

No diluted earnings per share for the years ended 31st December, 2006 and 2007 is presented as the Company has no potential dilutive ordinary shares outstanding during the years.

INFORMATION FROM THE INDEPENDENT AUDITOR'S REPORT

Basis for qualified opinion

(1) As disclosed in note 2 to the financial statements, an application for liquidation of Chongqing Dahe Basu Media Co., Ltd. ("Dahe Basu"), a 60%-owned subsidiary of the Company up to 14th May, 2007, was made to a court in the People's Republic of China (the "PRC") during the year as a result of a dispute between the Company and the 40% equity owner of Dahe Basu (the "Minority Owner") in the operations of Dahe Basu. Pursuant to a PRC court order dated 15th May, 2007, a liquidation team (comprising representatives of the Company and the Minority Owner, and a PRC liquidator) was appointed. As of the date of this announcement, the liquidation has not been completed and the liquidation team led by the PRC liquidator has not released any sufficient reliable financial information of Dahe Basu of the current year to the directors of the Company.

Notwithstanding that Dahe Basu was a subsidiary of the Company for the period from 1st January, 2007 to 14th May, 2007 (the "Period"), the Minority Owner was responsible for the daily operations and preparation of certain books and records of Dahe Basu during the Period, and the Group had no access to the books and records of Dahe Basu for the purpose of obtaining the relevant financial information of Dahe Basu to consolidate its results for the Period into the Group's consolidated financial statements for the year. Accordingly, the Group de-consolidated the results and financial position of Dahe Basu from the Group's consolidated financial statements from 1st January, 2007, and accounted for the Group's investment in Dahe Basu as an available-for-sale financial asset. The Group's attributable share of the net assets of Dahe Basu as at 31st December, 2006 was deemed as the initial cost of the available-for-sale financial asset as from 15th May, 2007. Moreover, the Group has also recorded an amount due from Dahe Basu pursuant to the above de-consolidation of assets and liabilities of Dahe Basu.

The above non-consolidation of results of Dahe Basu for the Period in the Group's current year consolidated financial statements is not in accordance with the requirements of Hong Kong Accounting Standard 27 "Consolidated and Separate Financial Statements" ("HKAS 27") issued by the HKICPA. In the auditor's opinion, the results of Dahe Basu should be included in the consolidated income statement for the year ended 31st December, 2007 up to the effective date of disposal of 15th May, 2007, in accordance with the Group's accounting policy. In the absence of sufficient reliable financial information of Dahe Basu made available to the auditor by the directors, there were no other satisfactory audit procedures that the auditor could adopt to ascertain with reasonable accuracy the impact on the financial position and results of the Group caused by the exclusion of Dahe Basu's results for the Period from the current year consolidated financial statements of the Group.

(2) Since 15th May, 2007, Dahe Basu was no longer a subsidiary of the Company as the Company lost control over its financial and operating policies after Dahe Basu was subject to control of the liquidation team which was appointed by the PRC court on 15th May, 2007. In accordance with HKAS 27 and Hong Kong Accounting Standard 39 "Financial Instruments: Recognition and Measurement", the carrying amount of the Group's interest in Dahe Basu (the Group's attributable share of net assets of Dahe Basu) at the date Dahe Basu ceased to be a subsidiary, i.e. 15th May, 2007 should have been recognised as the initial cost of an available-for-sale financial asset of the Group, which should be subsequently stated at cost less any impairment losses. However, as mentioned in (1) above, the directors were unable to obtain sufficient reliable financial information of Dahe Basu as at 15th May, 2007. Accordingly the auditor was unable to carry out auditing procedures necessary to obtain reasonable assurance regarding the measurement of the Group's initial cost of the available-for-sale financial asset. There were no other satisfactory audit procedures that the auditor could adopt to obtain sufficient appropriate evidence regarding the accuracy of the cost of the available-for-sale financial asset of the Group.

(3) As mentioned in (1) above, the directors were unable to obtain sufficient reliable financial information of Dahe Basu as at 31st December, 2007, and accordingly the auditor was unable to carry out the audit procedures necessary to obtain reasonable assurance regarding the Group's and the Company's aggregate amounts due from Dahe Basu of approximately RMB1,506,000 and RMB177,000 respectively as at 31st December, 2007. There were no other satisfactory audit procedures that the auditor could adopt to obtain sufficient appropriate evidence regarding the valuation of the carrying amounts of the Group's and the Company's amounts due from Dahe Basu as at 31st December, 2007.

(4) No impairment provision was made by the management in respect of (i) the Group's and the Company's equity interest in Dahe Basu which was recognised as an available-for-sale financial asset with the carrying amount of approximately RMB19,922,000 and RMB20,394,000 respectively as at 31st December, 2007; and (ii) the Group's and the Company's amounts due from Dahe Basu of approximately RMB1,506,000 and RMB177,000 respectively as at 31st December, 2007. In the absence of reliable current financial information relating to the assets and liabilities of Dahe Basu made available to the auditor by the directors, the auditor is unable to satisfy itself as to whether any impairment provision is required for (i) the Group's and the Company's available-for-sale financial asset, and (ii) the Group's and the Company's amounts due from Dahe Basu, as at 31st December, 2007.

QUALIFIED OPINION ARISING FROM DISAGREEMENT ABOUT ACCOUNTING TREATMENT AND LIMITATION OF AUDIT SCOPE

Except for the effect on the consolidated financial statements of the matter described in the basis for qualified opinion paragraph (1) and any adjustments that might have been found to be necessary had the auditor been able to obtain sufficient evidence on the matters described in the basis for qualified opinion paragraphs (2) to (4), in the auditor's opinion the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31st December, 2007 and of the profit and cash flows of the Group for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

In respect alone of the limitation on the auditor's work set out in the basis for qualified opinion paragraphs of this report:

— the auditor has not obtained all the information and explanations that it considered necessary for the purpose of its audit; and

— the auditor was unable to determine whether proper books of accounts have been kept.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is mainly engaged in media production and dissemination, including the design, planning, production and dissemination of advertisement and advertising agenly. The Group's business has successfully transformed from pure jet painting product to terminal all-around services, and has formed the largest professional network for the provision of one-stop terminal design, manufacturing execution and management service. In addition, in the advertisement dissemination, the Group also has had the capability of nation-wide multi-media planning and procurement and sales.

For the year ended 31st December, 2007, the Group's turnover was approximately RMB324,290,000, representing a decrease of approximately 16.53% over the same period last year. Profit attributable to shareholders amounted to approximately RMB20,610,000, representing an increase of approximately 8.45% over the same period last year. Turnover of the year derived mainly from outdoor media dissemination business, which contributed an aggregate amount of RMB180,610,000 (2006: RMB245,260,000), accounting for approximately 56% of the total turnover. In addition, the Group's media design and production businesse continued to maintain its leading position in the industry. As at 31st December, 2007, turnover from media production business was approximately RMB143,680,000 (2006: RMB143,260,000) being approximately the same with the same period last year. Currently, the Group has outdoor media resources of approximately 200,000 square metres. The Group has extended its business to 64 cities in China. During the period, the average launching rate of the Group's outdoor media was 70%, being approximately the same with the same period last year. At present, the demand for outdoor advertisement is growing fast in China, boosting the Group's business development and revenue.As a result, the Group reported satisfactory revenue during the year under review.

During the year under review, The group had approximately 4,800 "An Kang Advertising Board" projects which are mainly located in the entrances of major residential areas in Beijing, Shanghai, Nanjing,and Guangzhou. The customers of "An Kang Advertising Board" comprised financial, insurance, real-estate, instant consumer industries, such as Wang Laoji, Pingan Insurance and Suning Electric Appliance. During the period, the project has generated a turnover of approximately RMB19,510,000 for the Group.

During the year under review, the Group cooperated with the Modern Express of Xinhua News Agency to establish a An KangAdvertising Board Electronic Reporting Team. Exclusive news provided by the Modern Express of Xinhua News Agency are being displayed on the electronic advertising board of "China Express Advertising Board", providing real-time renewed information to the residents of the various areas, thereby adding values to the advertising board, and has become a convenient source of information to the residents.

During the year, in light of the ever-changing market, the Group adjusted its operation strategy and restructured the original outdoor media group and the dissemination production group to establish the Dahe Operation Group, which is headquartered in Shanghai, the most dynamic city in China. The newly structured Dahe Operation Group has accomplished the expected results in customer services and business integration. The Group has branches in more than 30 cities in China to satisfy the demand for advertising purchases in China and to provide zero distance services. Apart from leasing advertising spaces, the Group also provides design, production and dissemination services. Such "one-stop" service has enhanced the service quality as well as the competitiveness of the Group. Currently, the Group has 13 media terminsls production branches in China offering the shopping malls termenals with the services of jet painting, portrait painting, printing, displays, neon tools, exhibition displays, etc. On the basis of superb quality, excellent integration of resources and outstanding media procurement capabilities, the Group strives to become the leading supplier of outdoor media integrated solutions in China.

During the year, the Group entered into advertisement production agreements and agency interts on outdoor advertisement with a number of enterprises, demonstrating the Group's strength was further enhanced and the diversified services level was improved. During the year, a number of Top 500 enterprises entered into cooperation with the Group, such as Walmart, Shell and Amway, etc.

During the year, a subsidiary of the Group, Chongqing Dahe Bashu Media Co., Ltd., entered into liquidation. The Group is actively cooperating with the liquidation group for the early completion of the liquidation.

OUTLOOK

The Beijing Olympics is scheduled to be held in 2008. The various major brands are hoping to take this opportunity to exhibit their brands in front of billions of audiences so to increase the international awareness of the brandname. The Group has also captured this opportunity to enter into advertisement contracts with different reputable customers, setting down foundation for outdoor media dissemination, so to be prepared for the unlimited opportunities.Meanwhile, due to the business opportunities in relation to Olympic Games, the Group's existing customers engaging in sports products, such as NIKE, Li Ning and KAPPA, are expected to increase advertising applications budget in 2008, which will directly bring about the increase in the Group's revenue.

Besides continuing to explore cross-regional advertising media network, the Group will continue to strengthen its existing business and proactively explore for new outdoor media business, in particular the "An Kang Advertising Board" project.The Group has planned to install approximately 5,000 new express boards in 2008, covering a total of 8,000 prime communities in 12 major cities all over the country ,, which are expected to generate remarkable revenue to the Group. Currently, major customers such as Wang Laoji and Guangfa Bank have placed substantial orders for advertisements in "An Kang Advertising Board" in 2008. The Group expects that the "Campus Advertising Board" in the universities and colleges will also witness a strong growth.

Aiming at building the media of lofty life style, An Kang Advertising Board will increase the investment in technological development and apply high-tech to the transmission of the contents of the advertisement and to media display, and continuously develop the service items closely related to residents' lives to open new sources of profit growth in 2008.

In order to further expand the business platform, improve service quality and assets scale, reinforce the corporate governance system and actively expand the famous customer base in China and overseas, produce and lease more multi-media system advertisement, the Group will actively seek for the international strategic cooperation partner. In February 2008, the Group entered into the cooperation agreement with Singapore MediaCorp ("MediaCorp"), a wholly-owned subsidiary of Temasek Holdings (Private) Limited. Apart from enhancing the liquidity capital of Dahe Media by investment in it,MediaCorp can also support the Company's vision to expand into overseas market and is capable of providing technical advice and support to the Company and Ankang. The Company will engage MediaCorp as its sales agent to conduct marketing and sales activities outside and within the PRC in respect of the Outdoor Advertising Spaces. It is expected that, with the joining of MediaCorp, the Company's corporate governance will be further enhanced and the Group's reputation will be improved.

FINANCIAL REVIEW

The following discussion and analysis regarding the Group's financial and operation situation should be read in conjunction with the Group's consolidated financial statements and the related notes.

BUSINESS OVERREVIEW

For the year ended 31st December, 2007, the Group's turnover was approximately RMB324,290,000, representing a decrease of approximately 16.53% over the same period last year. During the period, profit attributable to shareholders amounted to approximately RMB20,610,000, representing an increase of approximately 8.45% over the same period last year. The basic earnings per share was approximately RMB2.5 cents.

During the period, a subsidiary of the Group, Chongqing Dahe Basu Media Co., Ltd., entered into liquidation, and the liquidation group was established, therefore, the company will not be included in the financial data of the year. The Group is actively cooperating with the liquidation group, in order to complete the liquidation as soon as possible and safeguard the interests of the shareholders.

Media production business

During the year under review, the media production business generated an aggregate turnover of RMB143,680,000, accounting for approximately 44% of the total, being substantially the same with the same period last year. The Group's business has successsfully transformed from jet painting to the end production. During the period, the Group had secured the businesses of new supermarkets of Walmart and elite outlets of Shell as well as Jinliufu's jet painting production projects of nearly over 70,000 square metres in China, and jointly built "Magic exhibit booths " for 200 shopping malls in China with the renowned home appliance manufacturer Midea Electric. In addition, the Group also established cooperation intent with a number of new $ 10 million-grade clients, and occupied a leading position in the outdoor advertisement production industry.

Media dissemination business

For the year ended 31st December, 2007, the media dissemination business generated an aggregate turnover of RMB180,610,000, representing a decrease of approximately 26% over the same period last year, accounting for approximately 56% of the total turnover. On top of the previous dissemination businesses, the Group has also obtained the "Magnificent roadshow activity for the celebration of Beijing Olympics" and "Xian Terra-Cotta Warrior Bar Business"of Wang Laoji, which has generated approximately RMB10,000,000 revenue to the Group.

Currently, the Group owns outdoor media dissemination rights of approximately 200,000 square metres, and the production volume of various outdoor media occupied a leading position in terms of domestic market share. The Group had extended its business to 64 cities in China, resulting in further expansion of the Group's advertising coverage rate. During the period, the average launching rate for the Group's outdoor media was 70%, being approximately the same with the same period of the previous year.

During the period, "An Kang Advertising Board" was further promoted. For the year ended 31st December, 2007, "An Kang Advertising Board" project has been fully promoted in 4 cities. The Group currently has a total of 4,800 "An Kang Advertising Board" billboards, which are located at the entrances of the major residential communities in Beijing, Shanghai, Nanjing and Guangzhou. During the period, There are franchisees in 11 cities who joined the An Kang Project, and its accumulated contracted amount was up to RMB44,300,000. Because the cooperation partner of "An Kang Advertising Board" is China Children and Teenagers' Fund, therefore, this project had brought higher return to the Group, and had created a positive and charitable image for the Group, enhancing the Group's social image and public awareness.

CUSTOMER BASE

At present, the total number of the Group's clients is more than 6,000. They are renowned domestic and foreign enterprises from various industries, including consumer products, telecommunications, home appliances, information technology, foods and beverages, automobiles and petroleum, etc. Existing clients include NIKE,Li Ning, Shell, Amway, Walmart, Midea, Kentucky Fried Chicken, China Unicom, Chery Automobile, etc. The Group is also developing high-end and quality client segments in order to strengthen the Group's client base and the Group's income.

During the period under review, the Group had entered into an agreement with Jinliufu and had secured its jet painting production projects of nearly over 70,000 square metres in China. The Group had also entered into a 20-year "Media Strategic Partnership Agreement" with Shanghai Topstar Hotel chain and jointly built "Magic exhibit booths " for 400 shopping malls in China with the renowned home appliance manufacturer Midea Electric. In addition, the Group had entered into contract with Walmart, by which the Group shall be responsible for the production of the advertising boards and external walls of its new supermarkets. During the period, the Group had carried out packaging production services for 60 elite outlets of Shell together with brand building services for Shell.

In addition, the Group had also entered into cooperation agreements with each of the famous enterprises in China, including Skyworth, Shell, Amway, DuPont Property Insurance and Suning Appliance. During the reporting period, the Group had entered into a contract in an amount of RMB2,000,000 with Skyworth for the provision of outdoor media dissemination services to it, and had entered into a contract in an amount of RMB 9,570,000 with DuPont Property Insurance for the outdoor advertisement dissemination.

While performing outdoor media applications in "six provinces and one city" in China for Amway, the Group was also granted to be the supplier of outdoor agent in the northern and southern area of Amway, and became a supplier who is responsible for the Amway's outdoor media all cross China since its accession into China, which will bring a revenue of more than RMB 2,500,000 in 2008.

The Group will continue to build a media dissemination network across the communifies in China. It is expected the total area of media dissemination network in future will exceed 500,000 square metres.

AWARDS AND HONOURS

Being one of the top tier advertising enterprises in China, the Group's quality advertising advertisement, diversified services and the exceptional performance in the advertising industry have been recognized by fellow enterprises as well as professional bodies.

During the period under review, the Group had consecutively received recognition and awards from the organizations in the profession. On 18th January, 2007, Dahe Media Co., Ltd. was awarded two special honours, being named in "2007 Forbes China 100 Top Potential Forces" list and And the "Enkon Quick Show" (Now renamed as "China Express Advertising Board") awarded "The Chinese Media of Highest Investment Value". In addition, the Group was awarded the special honour of "The Most Influential Advertising Firm for Brand Building in China" at the annual "Global Brand Forum 2007" conference which was likened to the Oscar Award in branding. Mr. He Chaobing, the Group's Chairman, was crowned with the honour of "The Most Influential Advertising Campaigner for Brand Building in China" at the same annual conference.

DIVIDEND

The Board has recommended a final dividend of RMB0.0067 (including tax)per share for the year ended 31st December, 2007(2006: RMB0.0003 per share). Subject to the approval at the shareholders' general meeting, the dividend will be paid to shareholders whose names appear on the Register of Members of the Company on 19th April, 2008.

ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATES

During the period, Nanjing Ultralon Investment Management Co., Ltd., a non-wholly owned subsidiary of the Group, disposed of its equity in Shanghai Delight-Sign Ltd. to an independent third party. The Group has ceased to combine the interests of Shanghai Delight-Sign Ltd. since 1st December, 2007. The disposal will not cause any material adverse impact to the operation and financial situations of the Group.

FUTURE SIGNIFICANT INVESTMENT PLANS AND EXPECTED SOURCE OF FUNDS

The Group will continue to integrate the existing operations. At same time identify new business opportunities that can supplement and strengthen the existing operations.

As of 31st December, 2007, the Group has been considering a number of investment projects and choices, but has not set up any actual plans in respect of such projects.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31st December, 2007, trade and other payables increased to RMB26,322,000 from RMB21,723,000 in 2006. Trade and other receivables decreased to RMB84,841,000 from RMB120,409,000 in 2006.

As at 31st December, 2007, bank balance and cash held by the Group amounted to RMB171,250,000; bank loans and other loans of the Group amounted to RMB190,000,000. Debt-Equity Ratio was 61.27%, being the percentage of bank loans over net assets of RMB310,080,000.

Profits attributable to shareholders was RMB20,610,000, an increase of 8.45% as compared with RMB19,000,000 for the last year.

SALES, GENERAL AND ADMINISTRATIVE EXPENSES

In 2007, sales, general and administrative expenses were approximately RMB70,880,000. In 2006, it was approximately RMB68,260,000.

FINANCE COST

In 2007, finance cost was approximately RMB10,960,000. In 2006, it was approximately RMB11,560,000.

TAXATION

As the Group is qualified as a new and high technology enterprise and registered in a high technology zone, the applicable income tax rate was 15%. Income tax for 2007 was approximately RMB6,630,000, and in 2006 it was approximately RMB6,620,000.

MINORITY INTERESTS

As at 31st December, 2007, minority interests amounted to RMB19,120,000. In 2006, it was approximately RMB33,750,000.

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, therefore, there are no foreign exchange risks affecting the operation results of the Group.

ASSETS

During the period under review, the net current assets of the Group were approximately RMB73,520,000, and net assets were approximately RMB310,080,000. In 2006, they were RMB89,450,000 and RMB306,600,000 respectively.

MATERIAL LITIGATION

During the period under review, a subsidiary of the Group, Chongqing Dahe Basu Media Co., Ltd., entered into liquidation on 15th May, 2007and established liquidation committee. For the details of liquidation, the Group had disclosed in the announcements dated 26th July, 2007, 21st September, 2007 and 27th September, 2007. As it is unable to obtain the complete set of books and records for the period between 1 January, 2007 and 14 May, 2007, and as of the date of this report, liquidation team led by the PRC liquidator has not released any sufficient reliable financial information of Dahe Basu for the current year to the directors of the Company, no impairment allowance has been made. Save as above, the Group or any of its subsidiaries was not involved in any material litigation or arbitration.

EMPLOYEES

As at 31st December, 2007, the Group has a total of 1,200 full-time staff. The remuneration paid to employees is in line with market rate. During the year, the Group regularly provided training and development programs to the staff.

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

CONTINGENT LIABILITIES

As at 31st December, 2007, the Group had no material contingent liabilities.

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

None of the Directors or Supervisors of the Company or any of their respective associates was granted by the Company or its subsidiaries any right to acquire shares or debentures of the Company or any other body corporate, or had exercised any such right as at 31st December, 2007.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

INTERESTS OF DIRECTORS AND SUPERVISORS IN THE SHARES OF THE COMPANY AND ASSOCIATED CORPORATIONS

As at 31st December, 2007, the interests and short positions of the directors and the supervisors of the Comapny (as if the requirements applicable to directors under the securities and Futures Ordinance ("SFO") had applied 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) as recorded in the register required to be kept under section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Rules 5.46 of the GEM Listing Rules were as follows:

Name of Director/ Supervisor *(note 1)*	**Company/ name of associated corporation**	**Capacity**	**Number of class of securities** *(note 2)*	**Approximate percentage of shareholding in the relevant class of securities**
He Chaobing	Company	Interest of a controlled corporation *(note 3)*	405,200,000 domestic shares of RMB0.10 each (L)	69.86%
He Lianyi	Company	Beneficial owner	6,400,000 domestic shares of RMB0.10 each (L)	1.10%
Wang Mingmei	Company	Beneficial owner	3,800,000 domestic shares of RMB0.10 each (L)	0.66%
Wang Weijie	Company	Beneficial owner	3,800,000 domestic shares of RMB0.10 each (L)	0.66%

Notes:

1. All of the persons named above are Directors, except Ms Wang Mingmei who is a Supervisor Mr. Wang Weijie resigned the directorship on 26th February, 2008.

2. The letter "L" denotes the Director's/Supervisor's long positions in such shares.

3. The interests in the domestic shares were held through江蘇大賀國際廣告集團有限公司(Jiangsu Dahe International Advertising Group, Co., Ltd.) ("Dahe International") which was owned as to 90% by Mr. He Chaobing.

Save as disclosed above, as at 31st December, 2007, none of the directors and the supervisors of the Company has any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Rules 5.46 of the GEM Listing Rules.

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

A. Substantial shareholders

As at 31st December, 2007, the following persons/entities had an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO and were directly or indirectly interested in 10% or more of the shares of the Company:

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 entire issued share capital of the Company *(note 4)*
Dahe International	Beneficial owner	405,200,000 domestic shares of RMB0.10 each (L)	69.86%	48.82%
He Chaobing	Interest of a controlled corporation *(note 2)*	405,200,000 domestic shares of RMB0.10 each (L)	69.86%	48.82%
Yan Fen	Interest of spouse *(note 3)*	405,200,000 domestic shares of RMB0.10 each (L)	69.86%	48.82%

Notes:

1. The letter "L" denotes the person's/entity's long positions in the domestic shares of the Company.
2. The interest in the domestic shares were held through Dahe International which was owned as to 90% by Mr. He Chaobing.
3. Ms. Yan Fen is the wife of Mr. He Chaobing and is deemed to be interested in the shares in which Mr. He Chaobing is interested under the provision of Divisions 2 and 3 of Part XV of the SFO.
4. Domestic shares and H Shares of the Company are treated as the same class of shares for such purpose.

B. Other persons who are required to disclose their interests pursuant to Divisions 2 and 3 of Part XV of the SFO

As at 31st December, 2007, save for the persons/entities disclosed in sub-section A above, the following entities/persons had an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Name	**Capacity**	**Number and class of securities** *(note 1)*	**Approximate percentage of shareholding in the relevant class of securities**	**Approximate percentage of shareholding in the entire issued share capital of the Company** *(note 3)*
Yan Jian	Beneficial owner	71,800,000 domestic shares of RMB0.10 each (L)	12.37%	8.66%
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 of RMB0.10 each (L)	8.62%	6.02%
南京市生產力促進中心 (Nanjing Productivity Enhancement Centre)	Interest of a controlled corporation *(note 2)*	50,000,000 domestic shares of RMB0.10 each (L)	8.62%	6.02%
南京市浦口區晨威油墨廠	Beneficial owner	30,000,000 domestic shares of RMB0.10 each (L)	5.17%	3.61%

Notes:

1. The letter "L" denotes the person's/entity's long positions in the domestic shares of the Company.

2. The interests in the domestic shares will be held through Nanjing Hi-Tech Venture Capital Co., Ltd., the registered capital of which is owned as to 60% by南京市國有資產投資管理控股(集團)有限責任公司.

3. Domestic shares and H Shares of the Company are treated as the same class of shares for such purpose.

Save as disclosed above, no other person/entity had an interest or a short position in the shares and underlying shares of the Company as recorded on 31st December, 2007 in the register required to be kept under section 336 of the SFO.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Group and the Company was entered into or existed during the year.

COMPETING INTEREST

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

PRE-EMPTIVE RIGHTS

There are no provision for pre-emptive rights under the articles of association of the Company or the laws of the PRC, being the jurisdiction in which the Company was established, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

CONNECTED TRANSACTIONS

During the year, the Group had certain connected transactions.

Waivers in respect of ongoing connected transactions expired on 31st December, 2005. The Group had applied for and have obtained waivers for the period from 1st January, 2006 to 31st December, 2008.

SPONSOR'S INTEREST

As at 31st December, 2005, upon the expiry of the service contract, Guotai Junan Capital Limited was no longer the sponsor of the Company. The Company has no sponsor since 1st January, 2006, hence no additional disclosure is required.

CORPORATE GOVERNANCE

Since 1st January, 2005, The Stock Exchange of Hong Kong Limited (Hong Kong Stock Exchange" has issued the new Code on Corporate Governance Practice (the "Code") to replace the Code of Best Practice. The Code is effective for reporting financial years beginning after 1st January, 2005. The Company has adopted the Code as its corporate governance practice.

The Board considers that the Company has complied with the Code on Corporate Governance as set out in Appendix 15 of the Listing Rules of the Stock Exchange for the year ended 31st December, 2007.

Rule C.2 of the provisions of the Code stipulates that the Board shall review the effectiveness of the internal control system and report it in this corporate governance report. The Board has been aware of the change in the provisions which will be adopted by the Company to ensure strict compliance with the Code on Corporate Governance.

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

AUDIT COMMITTEE

The Company established an audit committee on 23rd October, 2003 with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group; auditing major connected transactions; and communication, supervision and verification of the Company's internal and external audit. The audit committee currently comprise all the three independent non-executive directors of the Company. The Group's audited consolidated results for the year ended 31st December, 2007 have been reviewed by the committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

By Order of the Board
He Chaobing
Chairman

Nanjing, the PRC
26th March, 2008

As at the date of this announcement, the Board comprises Mr. He Chaobing and Mr. Yang Jianliang, being the executive Directors, Mr. Qiao Jun, Mr. Li Yijing and Mr. Shen Jin, being independent non-executive Directors and Mr. Li Huafei, Mr. He Lianyi and Ms. Chan E Nam Viveca, being non-executive Directors.

This announcement, for which the directors of Dahe Media Co., Ltd. collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:- (1) the information contained in this announcement is accurate and complete in all material respects and not misleading ; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This announcement will remain on the GEM website (http://www.hkgem.com) on the "Latest Company Announcements" page for at least 7 days from the date of its posting.

* *For identification purpose only*