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 with limited liability)

(Stock Code: 8243)

ANNOUNCEMENT ON ANNUAL RESULT FOR THE YEAR ENDED 31 DECEMBER 2009

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

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

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

This announcement, for which the directors (the "Directors") of Dahe Media Co., Ltd. collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the 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; (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) 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.

The Board of Directors ("Board") of Dahe Media Co., Ltd. (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (together the "Group") for the year ended 31 December 2009 with the comparative figures for the year ended 31 December 2008.

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2009

	Notes	**2009** **RMB'000**	2008 *RMB'000*
Turnover	4	**357,755**	361,002
Cost of sales	7	**(246,669)**	(245,364)
Gross profit		**111,086**	115,638
Fair value gain on investment properties		**1,852**	—
Other income and net gain	5	**8,436**	6,148
Impairment losses on available-for-sale financial asset and amount due from a former subsidiary		**—**	(20,300)
Distribution costs		**(42,446)**	(37,266)
Administrative expenses		**(47,395)**	(42,737)
Finance costs	6	**(12,588)**	(14,569)
Profit before taxation	7	**18,945**	6,914
Income tax	8	**(6,910)**	(2,611)
Profit and total comprehensive income for the year		**12,035**	4,303
Attributable to:			
Owners of the Company	7	**7,947**	1,745
Minority interests		**4,088**	2,558
		12,035	4,303
Earnings per share – Basic (RMB)	9	**0.010**	0.002

Consolidated Statement of Financial Position

At 31 December 2009

	Notes	2009 RMB'000	2008 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties		**32,708**	30,856
Property, plant and equipment		**177,187**	169,864
Construction in progress-outdoor advertising displays		**3,234**	24,495
Land use right		**2,400**	2,457
Goodwill		**15,679**	15,679
Other intangible assets		**2,808**	2,996
Deposit paid to a fellow subsidiary		**29,736**	56,021
Deferred tax assets		**4,980**	4,980
Available-for-sale financial asset		**—**	—
Total non-current assets		**268,732**	307,348
Current assets			
Inventories		**6,583**	7,938
Trade and note receivables	11	**110,233**	85,021
Other receivables, deposits and prepayments	12	**52,088**	53,690
Amount due from a fellow subsidiary		**34,489**	—
Amount due from a former subsidiary		**937**	1,128
Amounts due from related companies		**2,163**	1,951
Bank balances and cash and pledged bank deposits		**140,089**	206,174
Total current assets		**346,582**	355,902
Current liabilities			
Trade payables	13	**27,822**	21,518
Other payables, deposits received and accruals	13	**4,996**	8,100
Deferred advertising income		**27,545**	18,899
Amount due to holding company		**22,756**	44,675
Amount due to related companies		**767**	232
Bank borrowings	14	**197,000**	250,000
Income tax payables		**5,758**	5,333
Other tax payables		**2,826**	4,160
Total current liabilities		**289,470**	352,917
Net current assets		**57,112**	2,985
Total assets less current liabilities		**325,844**	310,333
Non-current liability			
Bank borrowings	14	**4,000**	—
NET ASSETS		**321,844**	310,333

	Note	2009 RMB'000	2008 RMB'000
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital		**83,000**	83,000
Reserves	15	**215,283**	205,654
Equity attributable to owners of the Company		**298,283**	288,654
Minority interests		**23,561**	21,679
TOTAL EQUITY		**321,844**	310,333

Consolidated Statement of Changes in Equity

For the year ended 31 December 2009

	Share capital *RMB'000*	Share premium and capital reserves *RMB'000* (Note 15)	Statutory surplus reserve *RMB'000* (Note 15)	Retained profits *RMB'000*	Attributable to owners of the Company *RMB'000*	Minority interests *RMB'000*	Total *RMB'000*
Balance at 1 January 2008	83,000	95,914	19,655	92,394	207,963	19,121	310,084
Total comprehensive income for the year	—	1,507	—	1,745	3,252	2,558	5,810
Dividend declared and paid in respect of the previous year (Note 10)	—	—	—	(5,561)	(5,561)	—	(5,561)
Appropriations from retained profits	—	—	1,794	(1,794)	—	—	—
Balance at 31 December 2008	83,000	97,421	21,449	86,784	205,654	21,679	310,333
Total comprehensive income for the year	—	—	—	7,947	7,947	4,088	12,035
Discount on acquisition of additional equity interest in a subsidiary	—	—	—	1,682	1,682	(2,206)	(524)
Appropriations from retained profits	—	—	2,027	(2,027)	—	—	—
Balance at 31 December 2009	83,000	97,421	23,476	94,386	215,283	23,561	321,844

Notes to the Financial Statements

31 December 2009

1. ORGANISATION AND OPERATIONS

Dahe Media Co., Ltd. ("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 13 November 2003.

The Company and its subsidiaries (hereafter referred as the "Group") principally engage 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 Jiangsu Dahe International Advertising Group, Co., Ltd. (江蘇大賀國際廣告集團有限公司), a limited liability company established in the PRC, is the ultimate holding company of the Company.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") and the disclosure requirements of the Hong Kong Companies Ordinance.

The financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules").

(b) Basis of measurement

The financial statements have been prepared under the historical cost convention, except for investment properties that are carried at fair value.

(c) Functional and presentation currency

For the purpose of the consolidated financial statements, the results and financial position of each group entities are expressed in Renminbi ("RMB"), which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

3. ADOPTION OF NEW AND REVISED STANDARDS

(a) Adoption of new and revised HKFRSs

The Group has adopted the following new/revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are effective for the current accounting period:

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 and 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 and HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC)-Int 9 and HKAS 39 (Amendments)	Embedded derivatives
HK(IFRIC) - Interpretation 13	Customer Loyalty Programmes
HK(IFRIC) - Interpretation 15	Agreements for the Construction of Real Estate
HK(IFRIC) - Interpretation 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) - Interpretation 18	Transfers of Assets from Customers

The adoption of the above new/revised HKFRSs had no material effect on the reported results or financial position of the Group for both the current and prior reporting periods, except for following changes:

HKAS 1 (Revised) "Presentation of Financial Statements"

The revised standard affects certain disclosures of financial statements. Under the revised standard, the Income Statement, the Balance Sheet and the Cash Flow Statements are renamed as the Statement of Comprehensive Income, the Statement of Financial Position and the Statement of Cash Flows respectively. All income and expenses arising from transactions with non-owners are presented under the Statement of Comprehensive Income; while the owners' changes in equity are presented under the Statement of Changes in Equity.

HKFRS 7 (Amendments) Improving Disclosures about Financial Statements

The amendments to HKFRS 7 expand the disclosure relating to fair value measurements for financial instruments that are measured at fair value and liquidity risk of financial liabilities including issued financial guarantee contracts.

(b) Potential impact arising on HKFRSs not yet effective

The Group has not early applied the following new or revised HKFRSs that have been issued but are not yet effective, but potentially relevant to the Group's operations.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs [1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009 [2]
Amendments to HKAS 32	Classification of Rights Issues [4]
Amendments to HKFRS 2	Share-based Payment – Group Cash-settled Share-based Payment Transactions [3]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements [1]
HKFRS 3 (Revised)	Business Combinations [1]
HK(IFRIC) – Interpretation 17	Distributions of Non-cash Assets to Owners [1]
HK(IFRIC) – Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments[5]
HKAS 24 (Revised)	Related Party Disclosures[6]
HKFRS 9	Financial Instruments[7]

[1] Effective for annual periods beginning on or after 1 July 2009
[2] Effective for annual periods beginning on or after 1 July 2009 and 1 January, 2010, as appropriate
[3] Effective for annual periods beginning on or after 1 January 2010
[4] Effective for annual periods beginning on or after 1 February 2010
[5] Effective for annual periods beginning on or after 1 July 2010
[6] Effective for annual periods beginning on or after 1 January 2011
[7] Effective for annual periods beginning on or after 1 January 2013

The adoption of HKFRS 3 (Revised) may affect the Group's accounting for business combinations for which the acquisition dates are on or after 1 January 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. Changes in the Group's ownership interest that do not result in loss of control of the subsidiary will be accounted for as equity transactions.

The amendment to HKAS 17 made under the "Improvements to HKFRSs 2009", mandatory for accounting periods beginning on or after 1 January 2010, removes the specific guidance which stated that land held under a lease should be classified as an operating lease unless title to the land is expected to pass at the end of the lease term. It provides new guidance which indicates that entity should use judgement to decide whether the lease transfers the significant risks and rewards of ownership of the land in accordance with the criteria set out in HKAS 17. The Group will reassess the classification of land elements of unexpired leases at the date it adopts the amendment on the basis of information existing at the inception of the lease and recognise a lease newly classified as a finance lease retrospectively if the criteria of a finance lease is met.

The Group is in the process of making an assessment of the potential impact of other new/revised HKFRSs and the directors so far concluded that the application of the other new/revised HKFRSs will have no material impact on the results and the financial position of the Group.

4. TURNOVER AND SEGMENTAL INFORMATION

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

	2009	2008
	RMB'000	*RMB'000*
Income from dissemination of outdoor and media advertisements:		
– Outdoor advertising displays	**200,857**	170,964
– Others	**24,988**	23,881
	225,845	194,845
Income from outdoor advertisement design and production:		
– Terminals	**94,462**	102,252
– Printed posters	**32,127**	57,875
– Signages	**2,116**	2,936
– Electronic media products	**3,186**	2,913
– Others	**19**	181
	131,910	166,157
	357,755	361,002

The Group's revenue from external customers is derived solely from its operation in the PRC in connection with the provision of outdoor advertising and related production services in the PRC. The revenue from the Group's largest customer amounted to less than 10% of the Group's total revenue.

5. OTHER INCOME AND NET GAIN

	2009	2008
	RMB'000	*RMB'000*
Government subsidies (Note)	**3,750**	2,260
Interest income	**2,981**	1,484
Rental income	**1,600**	1,033
Others	**783**	1,366
(Loss)/gain on disposal of property, plant and equipment	**(678)**	5
	8,436	6,148

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% (2008: 30% to 50%) of business or local tax paid.

6. FINANCE COSTS

	2009	2008
	RMB'000	*RMB'000*
Interest expense on bank loans wholly repayable within five years	**11,635**	14,008
Bank charges	**953**	561
	12,588	14,569

7. PROFIT BEFORE TAXATION

	2009	2008
	RMB'000	*RMB'000*
Profit before taxation is arrived after charging/(crediting) the following:		
Impairment loss on available-for-sale financial asset	**—**	19,922
Cost of inventories (Note)	**113,446**	125,406
Cost of services (Note)	**133,223**	119,958
Auditor's remuneration	**1,036**	1,000
Depreciation	**32,272**	32,551
Amortisation of land use right	**57**	86
Amortisation of other intangible assets	**228**	225
Allowance for bad and doubtful debts	**7,020**	4,104
Allowance for other receivables, deposits and prepayments	**2,640**	3,620
Impairment loss on amount due from a former subsidiary	**—**	378
Loss/(gain) on disposal of property, plant and equipment	**678**	(5)
Rental income (outoging expenses: 2009: RMB309,399; 2008: RMB188,542)	**1,600**	1,033
Exchange gains, net	**(103)**	(117)
Employee benefit expenses (excluding directors' and supervisors' remuneration)		
– Salaries, bonus and allowances	**34,895**	31,275
– Retirement benefit scheme contributions	**4,821**	3,581

Note: Cost of inventories and cost of services (together the cost of sales) included RMB13,617,000 (2008: RMB21,457,000) and RMB23,302,461 (2008 : RMB1,242,000) respectively relating to staff costs, depreciation and amortisation expenses, which are also included in the respective total amounts disclosed separately above. Cost of inventories also included allowance for obsolete inventories of RMB312,100 (2008: RMB1,416,000).

The consolidated profit attributable to owners of the Company includes a profit of RMB9,407,000 (2008: RMB3,798,000) which has been dealt with in the financial statements of the Company.

8. INCOME TAX

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

In accordance with the new PRC Enterprise Income Tax Law which became effective from 1 January 2008, an unified enterprise income tax rate of 25% will be applied to both domestic-invested enterprises and foreign-invested enterprises. Enterprises being qualified as a high and new technology enterprise in the PRC is subject to an applicable national EIT rate of 15%. Accordingly, the Company is eligible for a preferential EIT rate of 15% for the year ended 31 December 2009 (2008: 18%). The subsidiaries of the Company are subject to standard EIT rate of 25% for the year ended 31 December 2009 (2008: 25%).

(a) Taxation in the consolidated statement of comprehensive income represents:

	2009	2008
	RMB'000	*RMB'000*
Provision of PRC income tax for the year	**6,368**	7,577
Underprovision in respect of prior years	**542**	14
Deferred tax attributable to the origination and reversal of temporary differences (note)	**—**	(4,980)
	6,910	2,611

Note: The deferred tax asset of RMB4,980,000 recognised arises mainly from the deductible temporary difference in relation to the impairment loss on available-for-sale financial asset as at 31 December 2008.

(b) The taxation charge for the year can be reconciled to the Group's accounting profit for the year as follows:

	2009	2008
	RMB'000	*RMB'000*
Profit before taxation	**18,945**	6,914
Tax calculated at the statutory EIT rate of 25% (2008:25%)	**4,737**	1,728
Tax effect of expenses not deductible for taxation purposes	**889**	2,466
Tax effect of non-taxable items	**(1,363)**	(777)
Utilisation of previously unrecognised tax losses	**(2,018)**	(342)
Tax effect of unused tax losses of subsidiaries not recognised	**6,113**	890
Reduction of income tax under preferential tax treatment	**(1,990)**	(1,368)
Under provision in respect of prior years	**542**	14
Taxation charge	**6,910**	2,611

At 31 December 2009, the Company's subsidiaries has unused tax losses of RMB1,147,000 (2008: RMB9,154,000) and deductible temporary differences of RMB287,000 (2008: RMB2,289,000) available for offset against future profits which would 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. All unused tax losses will be expired after five years since their date of incurrence.

9. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit attributable to ordinary equity owners of the Company of RMB7,947,000 (2008: RMB1,745,000) and the weighted average number of shares in issue of 830,000,000 (2008: 830,000,000).

No diluted earnings per share is presented for the years ended 31 December 2009 and 2008 as the Company had no potential dilutive ordinary shares outstanding during those years. Therefore the basic and diluted earnings per share for the respective years are the same.

10. DIVIDENDS

	2009	2008
	RMB'000	*RMB'000*
2007 final dividend of RMB0.0067 per ordinary share, paid in 2008	**—**	5,561

No dividend has been declared or paid by the Company in respect of the year ended 31 December 2009 and 2008.

11. TRADE AND NOTE RECEIVABLES

	The Group		The Company	
	2009	2008	**2009**	2008
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Trade receivables	**132,521**	103,186	**88,322**	73,517
Allowance for bad and doubtful debts	**(22,508)**	(18,507)	**(14,910)**	(11,885)
	110,013	84,679	**73,412**	61,632
Note receivables	**220**	342	**—**	320
	110,233	85,021	**73,412**	61,952

The ageing analysis of trade and note receivables net of allowance, at the end of reporting period, is as follows:

	The Group		The Company	
	2009	2008	**2009**	2008
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Within 1 month	**32,555**	23,253	**24,149**	18,079
Between 2 to 3 months	**17,105**	16,208	**9,874**	11,869
Between 4 to 6 months	**22,680**	12,974	**15,690**	10,963
Between 7 to 12 months	**21,130**	15,008	**14,655**	11,910
Between 1 to 2 years	**9,993**	15,765	**4,783**	6,908
Between 2 to 3 years	**6,770**	1,813	**4,261**	2,223
	110,233	85,021	**73,412**	61,952

The directors consider that the carrying amount of trade and note receivables approximates their fair value.

No interest is charged on trade and note receivables.

The Group has made full allowance for doubtful debts for all receivables that are past due beyond 3 years because historical experience is such 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 estimate future cash flow discounted at the original effective interest rate. In determining the recoverability of the trade receivables, the Group monitors any change in the credit quality of the trade receivables since the credit was granted and up to the reporting date. 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 movements in the allowance for doubtful debts during the year, including both specific and collective loss components, are as follows:

	The Group		The Company	
	2009	2008	**2009**	2008
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
At 1 January	**18,507**	14,403	**11,885**	10,419
Written off	**(3,019)**	—	**(2,079)**	—
Impairment loss recognised (Note 7)	**7,020**	4,104	**5,104**	1,466
At 31 December	**22,508**	18,507	**14,910**	11,885

At 31 December 2009, the Group's and the Company's trade receivables of RMB37,056,000 (2008: RMB33,809,000) and RMB22,609,000 (2008:RMB20,144,000) respectively were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties and management assessed that the receivables are not expected to be recovered. Consequently, the Group's and the Company's specific allowances for doubtful debts of RMB20,512,000 (2008: RMB16,232,000) and RMB13,564,000 (2008: RMB11,013,000) respectively were recognised as at 31 December 2009. The Group does not held any collateral over these balances.

In additions, an allowance of RMB1,996,000 (2008: RMB1,166,000) and RMB1,346,000 (2008: RMB872,000) have been made by the Group and the Company respectively as at 31 December 2009 for estimated irrecoverable amounts. This allowance has been determined by reference to past default experience.

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.

Trade receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes 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.

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2009	2008	**2009**	2008
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Other receivables	**6,276**	8,469	**1,796**	2,149
Allowance for bad and doubtful debts	**(1,999)**	(1,120)	**(680)**	(892)
	4,277	7,349	**1,116**	1,257
Deposits	**3,297**	721	**897**	589
Prepayments	**44,514**	45,620	**21,921**	22,203
	52,088	53,690	**23,934**	24,049

The Group has made full allowance for doubtful debts for other receivables that are past due beyond 3 years because historical experience is such that these receivables are generally not recoverable. Allowance on other receivables between two to three years and one year 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 estimate future cash flow discounted at the original effective interest rate. In determining the recoverability of the other receivables, the Group monitors any change in the credit quality of the other receivables since the credit was granted and up to the reporting date. 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 movements in the allowance for doubtful debts during the year, including both specific and collective loss components, are as follows:

	The Group		The Company	
	2009	2008	**2009**	2008
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
At 1 January	**1,120**	641	**892**	435
Written off	**(1,761)**	(3,141)	**(479)**	(61)
Impairment loss recognised (Note 7)	**2,640**	3,620	**267**	518
At 31 December	**1,999**	1,120	**680**	892

As at 31 December 2008 and 2009, the Group and the Company did not have prepayments expected to be utilised after one year.

The directors consider that the carrying amount of other receivables, deposits and prepayments approximates their fair value.

13. TRADE PAYABLES AND OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUALS

	The Group		The Company	
	2009	2008	**2009**	2008
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Trade payables	**27,822**	21,518	**22,390**	14,606
Other payables and accruals	**2,488**	2,938	**1,217**	1,234
Deposit received	**2,508**	5,162	**2,068**	2,614
	4,996	8,100	**3,285**	3,848
	32,818	29,618	**25,675**	18,454

Generally, the credit terms received from suppliers of the Group and the Company is 90 days. An ageing analysis of trade payables at the end of reporting period is as follows:

	The Group		The Company	
	2009	2008	**2009**	2008
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Within 1 month	**13,651**	12,300	**11,157**	7,835
Between 2 to 3 months	**4,680**	2,220	**3,950**	1,763
Between 4 to 6 months	**1,537**	2,290	**1,194**	1,790
Between 7 to 12 months	**2,519**	2,492	**1,573**	1,038
Between 1 to 2 years	**3,219**	215	**2,336**	240
Over 2 years	**2,216**	2,001	**2,180**	1,940
	27,822	21,518	**22,390**	14,606

Trade payables principally comprise amounts outstanding for trade purchases.

The directors consider that the carrying amount of trade payables, and other payables, deposits received and accruals approximates their fair value.

14. BANK BORROWINGS

	The Group		The Company	
	2009	2008	**2009**	2008
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Bank loans	**201,000**	150,000	**185,000**	146,000
Note payables	**—**	100,000	**—**	100,000
	201,000	250,000	**185,000**	246,000

At 31 December 2009, total current and non-current bank borrowings and note payables were repayable as follows:

	The Group		The Company	
	2009	2008	**2009**	2008
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
On demand or within one year	**197,000**	250,000	185,000	246,000
More than one year but not exceeding two years	**4,000**	—	**—**	—
	201,000	250,000	**185,000**	246,000
Amount due within one year included in current liabilities	**197,000**	250,000	**185,000**	246,000
Amount due after one year included in non-current liability	**4,000**	—	**—**	—
	201,000	250,000	**185,000**	246,000

All of the Group's and the Company's bank borrowings were denominated in RMB, arranged at fixed interest rates and due for settlement within 12 months. All bank loans are secured by personal guarantees from Mr. He Chaobing, one of the shareholders and directors of the Company, and corporate guarantees from the holding company.

Note payables were issued with terms of 6 months and are secured by charges over the Group's bank deposits of outstanding as at 31 December 2008 RMB50,000,000.

The average interest rate in respect of bank loans was 5.63% (2008: 7.37%) per annum.

The directors consider that the carrying amounts of the Group's and the Company's bank borrowings approximate their fair values as at 31 December 2008 and 2009.

15. RESERVES

	Share premium and capital reserve RMB'000 (Note (i))	Statutory surplus reserve RMB'000 (Note (ii))	Retained profits RMB'000	Total RMB'000
The Company				
Balance at 1 January 2008	95,745	18,687	93,930	208,362
Profit and total comprehensive income for the year (Note 7)	1,507	—	2,291	3,798
Dividend declared and paid (Note 10)	—	—	(5,561)	(5,561)
Appropriations from retained profits	—	1,794	(1,794)	—
Balance at 31 December 2008	97,252	20,481	88,866	206,599
Profit and total comprehensive income for the year (Note 7)	—	—	9,407	9,407
Appropriations from retained profits	—	606	(606)	—
Balance at 31 December 2009	**97,252**	**21,087**	**97,667**	**216,006**

Notes:

(i) Share Premium and capital reserve

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

(ii) Statutory surplus reserve

In accordance with the relevant PRC regulations and the articles of association of the Company and its subsidiaries, the Company and its subsidiaries 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 Company and its subsidiaries, 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 Company and its subsidiaries, where appropriate, after such issuance.

INFORMATION FROM THE INDEPENDENT AUDITOR'S REPORT

The audit opinion is extracted from the annual financial statement from the year ended 31 December 2009.

"OPINION

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2009 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.

EMPHASIS OF MATTER

Without qualifying our opinion, we draw attention to the fact that because our audit opinion dated 25 March 2009 on the financial statements of the Group for the year ended 31 December 2008 was qualified for scope limitations based on reasons summarised in the basis for qualified opinion section therein, the comparative amounts shown in these financial statements may not be comparable with the amounts for the current year."

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the year ended 31 December 2009, the Group's turnover amounted to approximately RMB357.76 million, a decrease of approximately 0.9% was noted when compare to last year turnover. The decrease in Group's turnover was mainly due to the limited advertising expenditures of the Group's customers in the first half of the year as a result of the completion of Beijing Olympics stadiums, despite an increase in advertising expenditures was note during the second half of the year. The Group's profits attributable to owners of the Company was amounted to approximately RMB7.95 million, an increase of 355% when compare to last year. The earnings per share increased by 400% to RMB1 cent.

Media Dissemination Business

For the year ended 31 December 2009, the Group's income from dissemination of outdoor and media advertisments recorded a turnover of approximately RMB225.85 million, an increase of approximately 15.9% over last year. The Group has outdoor media resources of approximately 200,000 square metres, mainly billboards in expressways, billboards on building roofs in urban areas and landscape boards along roads, with business covering various cities in the PRC. The average launching rate of the Group's outdoor media remained at about 70%, with major customers from various industries such as fast moving consumer goods, machineries, real estates and tourism.

"Enkon Express Media" has entered into a contract with a value of RMB1,000,000 with P&G (寶潔) for the next three quarters; and a number of dissemination agreements with, among others, Anhui TV, Wang Laoji, Mazda (長安馬自達) and Skyworth (創維). The Group believes these projects will bring sustainable returns to the Group. As a breakthrough made by the Group in outdoor media, "Enkon Express Media" was upgraded into "Enkon Express Media 3.0" incorporating e-commerce features and had entered into cooperation agreements with a number of bank clients such as ICBC with an aggregate contract value of nearly RMB4,000,000. The Group expects to expand this brand-new information platform to the whole country with Jiangsu as the starting point so as to open up a new prospect for dissemination.

During the year, "Enkon Express Media" experienced rapid development. "Enkon Express Media 3.0" has a number of functions including media dissemination, commonweal community information dissemination, self-help payment and coupon printing, and incorporates various high-tech functions such as wireless transmission and receiving and real-time information update, realizing a small community dissemination service focusing on marketing in small community. According to an independent market research undertaken by CTR, the media contact rate of "Enkon Express Media" was 100%; the degree of media acceptance was 94% and the degree of attraction was 89%. During the period, "Enkon Express Media" successfully expanded into additional cities, such as Shanghai, Beijing, Guangzhou, Shenzhen, Nanjing, Shenyang, Hangzhou, Chengdu, Zhengzhou, Yantai, Qingdao and Jinhua.

The "Enkon Express Media" has established a community informatization platform with its features in precision, technology and interaction and penetrated into various communities across China. With its coverage of nearly 7,700 advertising spaces across China aiming to provide convenience for residents, "Enkon Express Media" is able to achieve interactions between people and media, so as to provide enterprises with one-stop community marketing and dissemination services. A number of renowned enterprises including Wang Laoji, ICBC, Bank of Communications, Suning Electric, KFC, Walmart and Skyworth have launched advertisements on "Enkon Express Media". In recognition of its modern computer and IT capabilities, the "Enkon Express Media" was named the "Media of Highest Investment Value for the year 2008".

Terminal dissemination service

During the year, the Group continued to further its terminal dissemination service business, which recorded a turnover of approximately RMB94.46 million, representing a decrease of 7.62% over last year. “Terminal Dissemination” continued to serve customers such as Nike, Wang Laoji, Wal-mart, Shell and P&G (寶潔). In view of the opportunities brought by international events including the 60th anniversary of the foundation of the People’s Republic of China, the 2010 Shanghai World Expo and the 2010 Guangzhou Asian Games, all branches of the Group accelerated progress in government tender invitation and bidding projects and were able to win a number of projects, including the Pudong Airport T1 Terminal Building Logo Upgrade project, Logo, Signboard and Number Plate of several branches of Agricultural Bank of China and Logo and Signboard of Bank of China Anhui Branch. Currently, the Group is following up with several major projects won. The Group’s 360Ña Business Terminal Manager currently serves a number of renowned brands including Nike, ICBC, Midea and Master Kong.

Media production business

During the year, the Group’s media production business recorded a turnover of approximately RMB37.44 million, representing a decrease of 41.40% over last year and accounting for approximately 10.47% of the Group’s total turnover. Through its national network, complete industry chain and strong execution, the Group provides its clients with a comprehensive range of terminal services.

Customer base development

During the year, in addition to consolidating its existing customer base and improving its service quality, the Group also expanded its high-end customer base. The group entered into a cooperation agreement with a contract value of RMB30 million with Wang Laoji, and commenced cooperation on media dissemination with Amway, Kebelco and Skyworth. It has signed a cooperation agreement with a contract value of over RMB23 million with Amway. “Enkon Express Media” has entered into a contract with a value of RMB1,200,000 with P&G for the next three quarters; and a number of dissemination agreements with, among others, Anhui TV, Mazda (長安馬自達) and Skyworth (創維). The Group believes these projects will bring sustainable returns to the Group.

During the year, through entering into a market development cooperation agreement with the Committee for Application for Hosting the 2014 the Second Summer Youths' Olympic Games in Nanjing City, the Group has become the only large-scale advertising company cooperating with the Committee to undertake the marketing of application for hosting the 2014 Youths' Olympic Games. The Group has successfully introduced 雷士照明 who has sponsored RMB2 million in the application. Now Nanjing City has obtained the right to host the Second Summer Youths Olympic Games. The Group has also been recognised as a unit who has contributed to Nanjing's successful application for hosting the 2014 Summer Youths Olympic Games, which is expected to bring about more businesses and profit margins to the Group in the future.

AWARDS AND HONOURS

Dahe Group

During the year, the Group had received various honours and awards, including the Certificate of Hi-tech Enterprise; Jinyuan award °V Penetrating New Media of the Year; China's 60th anniversary °V Most Competitive Company in China's Advertising Industry; Famous Brand of Tertiary Industry in Jiangsu; Famous Brand in Jiangsu.

Enkon Express Media

During the year, "Enkon Express Media 3.0" was named "Media of Highest Investment Value" at the "Annual Meeting of Media and Investment in China 2008"; Innovative Award of Outdoor Dissemination in China 2008; Most Valuable Advertising Career in 2009; Innovative Award of the First Innovative Product Design Competition in Nanjing.

Chairman

During the year, our Chairman, Mr. He Chaobing, was named as a "08 China New Media Personality" for his new media 3.0 theory and he was also appointed as a visiting professor at the School of Journalism and Communication of Nanjing University. He, together with great figures in China's innovation industry such as Zhang Yimou and Yu Qiuxu, was awarded "Award for Outstanding Contribution to China's Creative industry", and was named "People who made outstanding contribution to China's advertising industry in 30 Years" and "Jiangsu Entrepreneur who contributed to China's economy in 2009".

MAJOR EVENTS

During the year, Chongqing Dahe Bashu Media Co., Ltd. (重慶大賀巴蜀傳媒有限公司), a former subsidiary of the Group, was still under the liquidation process. 11,552.5 square metres of outdoor media resources was allocated to the Group by the liquidation team in the previous years and the remaining 3,057.7 square metres was for sale.

In February 2009, entrusted by the liquidation team of Chongqing Dahe Bashu Media Co., Ltd., the Chongqing Municipal Fifth Intermediate People's Court conducted public auction for the 10% equity interests in Sichuan Xintianjie Media Technology Development Co., Ltd. (四川新天傑傳媒科技發展有限責任公司) ("Xintianjie") held by Chongqing Dahe Bashu Media Co., Ltd. The Company acquired 10% equity interests in Sichuan Xintianjie Media Technology Development Co., Ltd. at the bid price of RMB500,000.

In February 2008, the Group entered into a share subscription agreement with MediaCorp Pte. Ltd. ("MediaCorp"), a wholly-owned subsidiary of Temasek Holdings (Private) Limited, pursuant to which the Group conditionally agreed to allot and issue 154,000,000 new domestic shares to MediaCorp. On 15 April 2009, the Company received a notice issued by MediaCorp termination the share subscription agreement. Further, on 21 December 2009, the Company received a notice issued by Nanjing Hi-tech Venture Capital Co, Ltd. informing the Company that the transfer of 50,000,000 existing domestic shares by Nanjing Hi-tech Venture Capital Co, Ltd. to MediaCorp pursuant to the sale and purchase agreement on 14 April 2008 has been terminated after mutual negotiation.

DIVIDENDS

The Board does not recommend the payment of dividend for the year ended 31st December, 2009.

ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATES

During the year, the Company had no acquisition or disposal of subsidiaries and associates apart from the 10% additional equity interests in Xintianjie through auction conducted by Chongqing Municipal Fifth International People's Court.

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 Enkon Express Media, so as to increase its market share. As at 31 December, 2009, the Group did not consider or formulate any new investment plans.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2009, trade, other payable deposits received and accrual increased to approximately RMB32.82 million from approximately RMB29.62 million in 2008. Trade and note receivables increased to approximately RMB110.22 million from RMB85.02 million in 2008.

As at 31 December 2009, bank balance and cash held by the Group amounted to RMB140.09 million; bank loans and other loans of the Group amounted to approximately RMB201 million. Debt-Equity Ratio was approximately 62, being the percentage of bank loans over net assets of approximately RMB321.84 million.

Profits attributable to owners of the Company were approximately RMB7.95 million, an increase of approximately 355% as compared with RMB1.75 million for the last year.

SALES, GENERAL AND ADMINISTRATIVE EXPENSES

In 2009, sales, general and administrative expenses were approximately RMB89.84 million. In 2008, it was approximately RMB80 million.

FINANCE COST

In 2009, finance cost was approximately 12.59 million. In 2008, it was approximately RMB14.57 million.

TAXATION

Pursuant to the Corporate Income Tax Law of the PRC which came into effect on 1st January 2008, domestic enterprises and foreign enterprises are required to pay income taxes at a unified rate of 25%. Pursuant to the relevant laws and regulations of the PRC, since the Company is a qualified hi-tech enterprise, the Company enjoyed the preferential corporate income tax rate of 15% for the year ended 31 December 2009 while subsidiaries of the Company enjoyed the corporate income tax rate of 25% (2008: 25%). Income tax for 2009 was approximately RMB6.91 million, and in 2008 it was approximately RMB2.61 million.

MINORITY INTERESTS

As at 31 December 2009, minority interests amounted to approximately RMB23.56 million. In 2008, it was approximately RMB21.68 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, therefore, there are no foreign exchange risks affecting the operation results of the Group.

ASSETS

During the year, the net current assets of the Group were approximately RMB57.11 million, and net assets were approximately RMB321.84 million. In 2008, they were RMB2.99 million and RMB310.33 million respectively.

MATERIAL LITIGATION

Chongqing Dahe Basu Media Co., Ltd., a former subsidiary of the Group, entered into liquidation on 15 May 2007 and a liquidation committee was established. During the year, the liquidation was in process. Details of the liquidation were disclosed in the announcements of the Group dated 26 July 2007, 21 September 2007 and 27 September 2007. The Group had provided full impairment in last year. Save as above, the Group or any of its subsidiaries was not involved in any material litigation or arbitration.

EMPLOYEES

As at 31 December 2009, the Group has a total of approximately 1,000 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.

REMUNERATION POLICIES

The Group provides competitive remuneration packages and benefits to employees. The remuneration of staff is determined based on his performance under the Group's remuneration policy which is reviewed annually.

EMPLOYEE RETIREMENT BENEFIT SCHEME

The Group has provided its employees with various mandatory retirement benefit schemes in accordance with the laws and regulations in China.

CONTINGENT LIABILITIES

As at 31 December 2009, the Group had no material contingent liabilities.

PURCHASE, SALE OR REDEMPTION OF SHARES

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 31 December 2009, 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") 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) as recorded in the register required to be kept under section 352 of the SFO or required to be notified to the Company and the Stock Exchange pursuant to the Rule 5.46 of the GEM Listing Rules were as follows:

Name of Director/ Supervisor *(note 1)*	**Company/ name of associated corporation**	**Capacity**	**Number and 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)*	409,000,000 domestic shares of RMB0.10 each (L)	70.52%
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%

Notes:

1. All of the persons named above are Directors, except Ms Wang Mingmei who is a Supervisor.
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 Jiangsu Dahe International Advertising Group, Co., Ltd.(江蘇大賀國際廣告集團有限公司)("Dabe International") which was owned as to 90% by Mr. He Chaobing and 10% owned by Mr. He Pengjun, who is the son of Mr. He Chaobing.

Save as disclosed above, as at 31 December 2009, none of the directors and the supervisors of the Company has any interests and short positions in the shares, underlying shares or 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 required to be notified to the Company and the Stock Exchange pursuant to the Rule 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 31 December 2009, the following persons/entities had interests or short positions 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 share capital of the Group** *(note 4)*
Dahe International	Beneficial owner	409,000,000 domestic shares of RMB0.10 each (L)	70.52%	49.28%
He Chaobing	Interest of a controlled corporation *(note 2)*	409,000,000 domestic shares of RMB0.10 each (L)	70.52%	49.28%

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 share capital of the Group *(note 4)*
Yan Fen	Interest of spouse *(note 3)*	409,000,000 domestic shares of RMB0.10 each (L)	70.52%	49.28%

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 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 parties required to disclose their interests pursuant to Divisions 2 and 3 of Part XV of the SFO

As at 31 December 2009, save for the persons/entities disclosed in sub-section A above, the following entities/persons had interests or short positions 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 *(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/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 interests or short positions in the shares and underlying shares of the Company as recorded on 31 December 2009 in the register required to be kept under section 336 of the SFO.

CONNECTED TRANSACTIONS

During the year, the Group had undertaken certain connected transactions.

The Board has approved and the independent non-executive directors has reviewed the continuing connected transactions of the Company in 2009 and confirmed that such 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 as a whole.

The Board has received a letter from the Company's auditor under Rule 20.38 of the GEM Listing Rules in respect of the continuing connected transactions conducted in 2009.

Details of the connected transactions in 2009 are set out in the annual report of the Company for the year 2009.

AUDIT COMMITTEE

The Audit Committee has reviewed the annual results of the Group for the year ended 31 December 2009, and is of the opinion that such resuts were prepared in accordance with applicable accounting standards, the GEM Listing Rules and other statutory requirements and were sufficiently disclosed.

CORPORATE GOVERNANCE

The Board considers that the Company has complied with the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules save and except that as Wang Weijie, the former Chief Executive Officer, resigned on 10 December 2007, the post of Chief Executive Officer of the Company is temporarily held by the Chairman, Mr He Chaobing. Once there are suitable candidates, the Company will consider the posts of Chairman of the Board and Chief Executive Officer be held by two separate individuals so as to comply with the requirements of the Corporate Governance.

In accordance with the directors of the GEM Listing Committee, the Company has engaged Guangdong Securities Limited as its compliance adviser for the period from 13 July 2009 to 12 July 2011. It has also engaged RSM Nelson Wheeler Consulting Limited as its consultant to review its internal control and has submitted a review report and a follow up report to the Stock Exchange on 10 August 2009 and 9 October 2009 respectively. The directors have also undergone training on the GEM Listing Rules compliance and directors' duties given by the Hong Kong Institute of Directors.

A report on the principal corporate governance practices adopted by the Company is set out in of the annual report.

By Order of the Board
Dahe Media Co., Ltd
He Chaobing
Chairman

Nanjing, the People's Republic of China

25 March 2010

As at the date of this announcement, the Board comprises Mr. He Chaobing and Mr. Yang Jianliang, being the executive Directors, Mr. Sun Yingcai, Mr. Ge Jianya and Ms. Ye Jianmei, being the independent non-executive Directors, and Mr. Li Huafei, Mr. He Lianyi and Mr. He Pengjun, being the non-executive Directors.

The 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*