

The FRC publishes its first enquiry report

(5 March 2009, Hong Kong) Today, the Financial Reporting Council (the “FRC”) publishes its first enquiry report.

The enquiry relates to the condensed consolidated financial statements of Dahe Media Co., Limited (“Dahe Media”) (Stock code: 8243) for the six months ended 30 June 2007 (the “Relevant Financial Statements”).

The FRC has issued a [statement](http://www.frc.org.hk) (www.frc.org.hk) accompanying the enquiry report. The statement, apart from setting out the essence and findings of the enquiry, provides an account of the events subsequent to the adoption of the enquiry report by the FRC.

Ms. Sophia Kao, the Chairman of the FRC, said “This is the first enquiry report of the FRC. Its publication will provide the public with more information on the listed entity concerned so that investors will be better able to make an informed judgement on their investments.”

“The enquiry was initiated on 31 October 2007 and was completed in less than seven months. The enquiry report was adopted by the FRC on 29 May 2008.” Ms. Kao added.

Mr. M.T. Shum, the Chief Executive Officer of the FRC, said “In the last few months after the adoption of the report, the FRC has been assisting Dahe Media in obtaining the necessary information for the purpose of removing the non-compliance. Dahe Media did not rectify the financial statements concerned claiming that the information obtained was insufficient and incomplete.”

“Our main concern is that Dahe Media has not assessed the impairment required in the Relevant Financial Statements for the investment in one of its subsidiary which is under liquidation. We are pleased to note that Dahe Media has announced on 25 February 2009 that it anticipated making an impairment in respect of its investment in that subsidiary as at 31 December 2008. We will continue to monitor the development.” Mr. Shum further explained.

“We would also remind the management of all listed entities that it is their responsibility to ensure that proper books and records are maintained by their subsidiaries. The cause of the non-compliance in this case was claimed to be the lack of proper books and records of a subsidiary.” Mr. Shum added.

The FRC received two complaints in respect of the case and appointed a Financial Reporting Review Committee (“FRRC”) to conduct the enquiry after an initial review.

The FRRC comprised 5 members, including Dr. Li Ka Cheung Eric, GBS, JP, as the Chairman, Ms. Chau Suet Fung Dilys, Prof. Cheung Yan Leung Stephen, JP, Mr. John Robert Lees and Mr. Stephen Taylor as members.

The [full report](http://www.frc.org.hk) is available on the website of the FRC (www.frc.org.hk).