XINHUA NEWS MEDIA HOLDINGS LIMITED
新華通訊頻媒控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 309)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2014

RESULTS

The board of directors (the "Board") of Xinhua News Media Holdings Limited (the "Company") announces the consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for year ended 31 March 2014, together with the comparative figures for the year ended 31 March 2013, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 March 2014

	Notes	**2014** **HK$'000**	2013 HK$'000 (Restated)
CONTINUING OPERATIONS			
Revenue	4	**227,544**	201,167
Other income and gains	4	**3,224**	2,184
Staff costs	5	**(184,059)**	(164,405)
Depreciation and amortisation		**(20,008)**	(20,316)
Fair value change on derivative financial asset		**4,932**	2,006
Impairment of intangible assets	11	**(32,438)**	(28,327)
Other operating expenses		**(51,747)**	(49,282)
Finance costs	6	**(8)**	(31)
Share of profit of an associate		**80**	257
Loss before tax from continuing operations	5	**(52,480)**	(56,747)
Income tax expenses	7	**(38)**	–
Loss for the year from continuing operations		**(52,518)**	(56,747)

	Notes	2014 *HK$'000*	2013 *HK$'000* *(Restated)*
DISCONTINUED OPERATION			
(Loss)/profit for the year from a discontinued operation	*8*	**(20,324)**	652
Loss for the year		**(72,842)**	(56,095)
Other comprehensive income, net of tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translating foreign operations:			
Exchange differences arising during the year		**1,719**	671
Reclassification adjustments relating to foreign operations disposed of during the year		**(565)**	–
		1,154	671
Total comprehensive loss for the year		**(71,688)**	(55,424)
(Loss)/profit attributable to:			
Owners of the Company		**(70,588)**	(56,569)
Non-controlling interests		**(2,254)**	474
		(72,842)	(56,095)
Total comprehensive (loss)/income for the year attributable to:			
Owners of the Company		**(69,878)**	(56,247)
Non-controlling interests		**(1,810)**	823
		(71,688)	(55,424)
Loss per share attributable to ordinary equity holders of the Company			
Basic and diluted	*9*		
– For continuing and discontinued operations		**HK$(0.0542)**	HK$(0.0457)
– For loss from continuing operations		**HK$(0.0402)**	HK$(0.0460)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2014

	Notes	**2014**	2013
		HK$'000	*HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**23,784**	7,878
Goodwill	*10*	**–**	22,960
Intangible assets	*11*	**63,813**	108,650
Investment in an associate		**615**	535
Total non-current assets		**88,212**	140,023
Current assets			
Inventories		**142**	151
Amount due from an associate		**240**	1,265
Derivative financial asset		**–**	2,006
Trade receivables	*12*	**33,488**	39,258
Prepayments, deposits and other receivables		**38,607**	37,898
Pledged time deposits	*13*	**10,506**	10,022
Cash and cash equivalents		**57,001**	62,683
		139,984	153,283
Assets classified as held for sale		**–**	24,463
Total current assets		**139,984**	177,746
LIABILITIES			
Current liabilities			
Trade payables	*14*	**4,162**	4,517
Other payables and accrued liabilities		**32,582**	28,260
Loan from a director		**2,015**	–
Finance lease payable		**57**	52
Tax payable		**320**	219
		39,136	33,048
Liabilities directly associated with the assets classified as held for sale		**–**	15,763
Total current liabilities		**39,136**	48,811
Net current assets		**101,848**	128,935
Total assets less current liabilities		**189,060**	268,958

	Note	**2014**	2013
		HK$'000	*HK$'000*
Non-current liabilities			
Loan from a director		**7,576**	–
Finance lease payable		**–**	57
Provision for long service payments		**2,290**	1,510
Deferred income		**6,071**	6,423
Total non-current liabilities		**15,937**	7,990
Net assets		**173,123**	260,968
EQUITY			
Equity attributable to owners of the Company			
Issued capital	*15*	**13,023**	13,023
Reserves		**163,487**	233,930
		176,510	246,953
Non-controlling interests		**(3,387)**	14,015
Total equity		**173,123**	260,968

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

1. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all 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 and the applicable disclosure provisions of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Main Board Listing Rules"). They have been prepared under the historical cost convention. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand ("HK$'000") except when otherwise indicated.

Limitation to access the books and records of the discontinued operation

As disclosed in the Company's announcement dated 31 March 2014, 24 April 2014 and 28 April 2014, the Group entered into an agreement with an independent third party to dispose of the entire interest of Pan Asia Century Holdings Limited ("PAC Holdings"), and its subsidiaries, Pan Asia Century Investments Limited and Shanghai GoalReal Investments Advisory Company Limited ("GoalReal") (collectively referred to as the "Pan Asia Group"). The disposal was completed on 28 March 2014 (the "Disposal Date").

Subsequent to the disposal, the Group lost communication with GoalReal's key management personnel and its accounting personnel and thus were unable to access its books and records of GoalReal for the period from 1 April 2013 to the Disposal Date. Accordingly, the effect of such limitation are stated as below.

Firstly, in preparing the consolidated financial statements of the Group for the year ended 31 March 2014, the Group was unable to account for the financial effect of the Pan Asia Group and satisfied themselves regarding the treatment of the disposal transaction and related disclosures of the discontinued operations for the year ended 31 March 2014. The financial information of GoalReal as disclosed in Note 8 of the announcement was derived from the latest available financial information of GoalReal at 30 September 2013. The directors of the Company (the "Directors") are currently still using their best endeavours to obtain all the financial and business records of GoalReal.

Secondly, the Group received a profit guarantee from the vendor of Pan Asia Group (the "Profit Guarantee"), Pan Asia Century Consulting Limited (the "Vendor") when the Group completed the acquisition of Pan Asia Group on 24 September 2012 (the "Acquisition"). For details, please refer to the Company's announcement dated 29 August 2012.

Under the Profit Guarantee, the Vendor shall pay to the Group, if the actual net profit of Pan Asia Group for the 12-month period from the date of the Acquisition (the "Profit Guarantee Period") falls below HK$10,000,000, in which case the Vendor shall pay to the Group an amount equivalent to 51% of the difference between HK$10,000,000 and the actual net profit. If Pan Asia Group records a net loss, the Vendor shall pay to the Group an amount equivalent to 51% of the sum of HK$10,000,000 and the absolute amount of the net loss.

According to latest available financial information up to the period ended 30 September 2013, the Pan Asia Group failed to meet the Profit Guarantee. Based on the contractual terms set out in the agreement of the Acquisition, the Group is entitled to a compensation which was estimated at approximately HK$6,938,000. Such compensation of Profit Guarantee is subject to the issuance of the audited accounts of the Pan Asia Group. For details, please refer to the Company announcement dated 24 April 2014.

In the absence of reliable evidence available to the Group as at 31 March 2014, the Directors is currently unable to ascertain (a) the accuracy of the fair value on the compensation for Profit Guarantee which should be paid by the Vendor and (b) the accuracy of the fair value change on the derivative financial assets.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 March 2014. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income within a subsidiary is attributed to the owners of the Company and to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The accounting policies adopted in the consolidated financial statements for the year ended 31 March 2014 are consistent with those followed in the preparation of the Group's consolidated statements for the year ended 31 March 2013 except as described below.

In the current year, the Group has applied for the first time, the following new and revised standards, amendments and interpretations ("new HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning on 1 April 2013.

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2009 to 2011 Cycle
HKFRS 1 (Amendments)	Government Loans
HKFRS 7 (Amendments)	Disclosure – Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in Other Entities: Transition Guidance
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine

Amendments to HKFRS 7 *Disclosures – Offsetting Financial Assets and Financial Liabilities*

The Group has applied the amendments to HKFRS 7 *Disclosures – Offsetting Financial Assets and Financial Liabilities* for the first time in the current year. The amendments to HKFRS 7 require entities to disclose information about:

(a) recognised financial instruments that are set off in accordance with HKAS 32 *Financial Instruments: Presentation*; and

(b) recognised financial instruments that are subject to an enforceable master netting agreement or similar agreement, irrespective of whether the financial instruments are set off in accordance with HKAS 32.

As the Group does not have any offsetting arrangements or any master netting agreements in place, the application of the amendments has had no material impact on the disclosures or on the amounts recognised in these consolidated financial statements.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In the current year, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising HKFRS 10 *Consolidated Financial Statements,* HKFRS 11 *Joint Arrangements*, HKFRS 12 *Disclosure of Interests in Other Entities*, HKAS 27 (as revised in 2011) *Separate Financial Statements* and HKAS 28 (as revised in 2011) *Investments in Associates and Joint Ventures*, together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding transitional guidance.

HKAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

Impact of the application of HKFRS 10

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK(SIC) - Int 12 *Consolidation – Special Purpose Entities*. HKFRS 10 changes the definition of control such that an investor has control over an investee when (a) it has power over the investee, (b) it is exposed, or has rights, to variable returns from its involvement with the investee and (c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee. Some guidance included in HKFRS 10 that deals with whether or not an investor that owns less than 50% of the voting rights in an investee has control over the investee is relevant to the Group.

Impact of the application of HKFRS 11

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures*, and the guidance contained in a related interpretation, HK(SIC) - Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*, has been incorporated in HKAS 28 (as revised in 2011). HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under HKFRS 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, HKAS 31 contemplated three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under HKAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was accounted for as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations is different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable standards.

Impact of the application of HKFRS 12

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements.

HKFRS 13 ***Fair Value Measurement***

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of HKFRS 13 is broad; the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are within the scope of HKAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the standard in comparative information provided for periods before the initial application of the standard. In accordance with these transitional provisions, the Group has not made any new disclosures required by HKFRS 13 for the 2012 comparative period. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Amendments to HKAS 1 ***Presentation of Items of Other Comprehensive Income***

The Group has applied the amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income*. The amendments introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, the "statement of comprehensive income" is renamed as the "statement of profit or loss and other comprehensive income" and the "income statement" is renamed as the "statement of profit or loss". The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

Annual Improvements to HKFRSs 2009-2011 Cycle issued in June 2012

The *Annual Improvements to HKFRSs 2009-2011 Cycle* include a number of amendments to various HKFRSs. The amendments are effective for annual periods beginning on or after 1 January 2013. Amendments to HKFRSs include:

- amendments to HKAS 1 *Presentation of Financial Statements*;
- amendments to HKAS 16 *Property, Plant and Equipment*; and
- amendments to HKAS 32 *Financial Instruments: Presentation*.

HKAS 1 (Amendments)

HKAS 1 requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position). The amendments to HKAS 1 clarify that an entity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position.

HKAS 16 (Amendments)

The amendments to HKAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in HKAS 16 and as inventory otherwise.

HKAS 32 (Amendments)

The amendments to HKAS 32 clarify that income tax on distributions to holders of an equity instrument and transaction costs of an equity transaction should be accounted for in accordance with HKAS 12 *Income Taxes*.

Except for the above, the application of these new HKFRSs had no material impact on the Group's consolidated financial performance and positions for the current and prior years. Accordingly, no prior period adjustments had been required.

The Group has not early applied the following new and revised standards, amendments and interpretations that have been issued but are not yet effective.

Amendments to HKFRSs	Annual Improvements 2010-2012 Cycle[5]
Amendments to HKFRSs	Annual Improvements 2011-2013 Cycle[2]
HKFRS 9 and HKFRS 7 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[4]
HKFRS 9	Financial Instruments[4]
HKFRS 9, HKFRS 7 and HKAS 39 (Amendments)	Hedge Accounting and Amendments to HKFRS 9, HKFRS 7 and HKAS 39[4]
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities[1]
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations[3]
HKFRS 14	Regulatory Deferral Accounts[3]
HKFRS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[3]
HKAS 19 (as revised in 2011)	Employee Benefits[2]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[1]
HKAS 36 (Amendments)	Recoverable Amount Disclosures for Non-Financial Assets[1]
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting[1]
HK(IFRIC) – Int 21	Levies[1]

[1] Effective for annual periods beginning on or after 1 January 2014
[2] Effective for annual periods beginning on or after 1 July 2014
[3] Effective for annual periods beginning on or after 1 January 2016
[4] No mandatory effective date yet determined but is available for adoption
[5] Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

HKFRS 9 *Financial Instruments*

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent reporting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – *Investment Entities*

The amendments to HKFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its financial statements.

To qualify as an investment entity, a reporting entity is required to:

- obtain funds from one or more investors for the purpose of providing them with professional investment management services;

- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to HKFRS 12 and HKAS 27 to introduce new disclosure requirements for investment entities.

Amendments to HKAS 32 *Offsetting Financial Assets and Financial Liabilities*

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

Amendments to HKAS 36 *Recoverable Amount Disclosures for Non-Financial Assets*

The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements regarding the fair value hierarchy, key assumptions and valuation techniques used when the recoverable amount of an asset or CGU was determined based on its fair value less costs of disposal.

Amendments to HKAS 39 *Novation of Derivatives and Continuation of Hedge Accounting*

The amendments to HKAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative hedging instrument arising from the novation should be included in the assessment of hedge effectiveness.

HK (IFRIC) – Int 21 *Levies*

HK (IFRIC) – Int 21 *Levies* addresses the issue of when to recognise a liability to pay a levy. The interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

The Group is in the process of assessing the potential impact of the above new HKFRSs upon initial application but is not yet in a position to state whether the above new HKFRSs will have a significant impact on the Group's and the Company's results of operations and financial position.

3. OPERATING SEGMENT INFORMATION

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

(a) the cleaning and related services segment engages in the provision of cleaning and related services for office buildings, public areas and residential areas;

(b) the medical waste treatment segment engages in the provision of non-incineration medical waste handling services for hospitals;

(c) the television screen broadcast business segment engages in the provision of publicly broadcasting information and advertisements on television screens services; and

(d) the waste treatment business segment engages in the provision of organic waste treatment and sale of the by-products produced.

The management consulting services segment engages in the provision of investment management and consulting service, management solutions for hospitals and sales of medical equipment. This segment was acquired on 24 September 2012 and was disposed of on 28 March 2014. This segment was classified as discontinued operation after its disposal. For disposal of subsidiaries, please refer to Note 16 of the announcement. For discontinued operation, please refer to Note 8 to the announcement.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment result, which is a measure of adjusted loss before tax from continuing operations. The adjusted loss before tax from continuing operations are measured consistently with the Group's loss before tax from continuing operations except that interest income, fair value change on derivative financial assets, impairment loss recognised in profit or loss in respect of intangible assets and goodwill, finance costs, impairment losses from the Group's financial instruments are excluded from such measurement.

Segment assets exclude pledged deposits, cash and cash equivalents and unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude loans from a director, a finance lease payable, unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

There are no intersegment sales and transfers between the segments.

The following is an analysis of the Group's revenue and results by reportable segments:

	Continuing operations										Discontinued operation			
	Cleaning and related services		Television screen broadcast business		Medical waste treatment		Waste treatment		Sub-total		Management consulting services		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK'$000	*HK$'000*	***HK'$000***	*HK$'000*	***HK'$000***	*HK$'000*	***HK'$000***	*HK$'000*	***HK'$000***	*HK$'000*	***HK'$000***	*HK$'000*	***HK'$000***	*HK$'000*
Segment revenue:														
Service income from external customers	**218,223**	193,109	**742**	1,003	**8,508**	7,055	**71**	–	**227,544**	201,167	**430**	4,336	**227,974**	205,503
Other income and gains	**1,717**	803	**1**	33	**841**	515	**529**	197	**3,088**	1,548	**–**	–	**3,088**	1,548
Total	**219,940**	193,912	**743**	1,036	**9,349**	7,570	**600**	197	**230,632**	202,715	**430**	4,336	**231,062**	207,051
Segment results	**6,453**	4,729	**(20,028)**	(25,113)	**2,556**	1,844	**(4,364)**	(2,327)	**(15,383)**	(20,867)	**(4,921)**	864	**(20,304)**	(20,003)
Reconciliation:														
Interest income									**135**	637	**7**	7	**142**	644
Share of profit of an associate									**80**	257	**–**	–	**80**	257
Unallocated expenses									**(9,798)**	(10,422)	**–**	–	**(9,798)**	(10,422)
Fair value change on derivative financial asset									**4,932**	2,006	**–**	–	**4,932**	2,006
Impairment losses recognised in profit or loss in respect of:														
Intangible assets*									**(32,438)**	(28,327)	**–**	–	**(32,438)**	(28,327)
Goodwill									**–**	–	**(9,960)**	–	**(9,960)**	–
Loss on disposal of subsidiaries									**–**	–	**(5,450)**	–	**(5,450)**	–
Finance costs									**(8)**	(31)	**–**	–	**(8)**	(31)
(Loss)/profit before tax									**(52,480)**	(56,747)	**(20,324)**	871	**(72,804)**	(55,876)
Income tax expenses									**(38)**	–	**–**	(219)	**(38)**	(219)
Profit/(loss) for the year									**(52,518)**	(56,747)	**(20,324)**	652	**(72,842)**	(56,095)

* Impairment of intangible assets was related to the television screen broadcast business segment.

Other segment information:

	Continuing operations										Discontinued operation			
	Cleaning and related services		Television screen broadcast business		Medical waste treatment		Waste treatment		Sub-total		Management consulting services		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK'000	*HK'000*	***HK'000***	*HK'000*	***HK'000***	*HK'000*	***HK'000***	*HK'000*	***HK'000***	*HK'000*	***HK'000***	*HK'000*	***HK'000***	*HK'000*
Segment assets	**62,873**	55,855	**121,282**	138,119	**21,047**	19,102	**22,139**	24,463	**227,341**	237,539	**–**	53,464	**227,341**	291,003
Reconciliation:														
Goodwill									**–**	22,960	**–**	–	**–**	22,960
Investment in an associate									**615**	535	**–**	–	**615**	535
Amount due from an associate									**240**	1,265	**–**	–	**240**	1,265
Derivative financial asset									**–**	2,006	**–**	–	**–**	2,006
Assets classified as held for sale									**–**	(24,463)	**–**	–	**–**	(24,463)
Total assets									**228,196**	239,842	**–**	53,464	**228,196**	293,306
Segment liabilities	**27,272**	23,084	**3,969**	3,422	**7,057**	7,049	**7,127**	5,113	**45,425**	38,668	**–**	7,374	**45,425**	46,042
Reconciliation:														
Finance lease payable									**57**	109	**–**	–	**57**	109
Loans from a director									**9,591**	10,650	**–**	–	**9,591**	10,650
Liabilities directly associated with the assets classified as held for sale									**–**	(15,763)	**–**	–	**–**	(15,763)
Total liabilities									**55,073**	33,664	**–**	7,374	**55,073**	41,038
Other segment information:														
Capital expenditure	**741**	578	**316**	497	**151**	155	**–**	81	**1,208**	1,311	**–**	–	**1,208**	1,311
Depreciation and amortisation	**711**	585	**15,003**	18,325	**1,441**	1,406	**2,853**	–	**20,008**	20,316	**201**	232	**20,209**	20,548
Impairment losses recognised in profit or loss in respect of:														
Intangible assets	**–**	–	**32,438**	28,327	**–**	–	**–**	–	**32,438**	28,327	**–**	–	**32,438**	28,327
Share of profit of an associate	**80**	257	**–**	–	**–**	–	**–**	–	**80**	257	**–**	–	**80**	257

Geographical information

(a) *Revenue from external customers*

	2014	2013
	HK$'000	*HK$'000*
Hong Kong	**218,964**	194,113
Mainland China	**8,580**	7,054
	227,544	201,167

(b) *Non-current assets*

	2014	2013
	HK$'000	*HK$'000*
Hong Kong	**54,498**	101,677
Mainland China	**33,714**	38,346
	88,212	140,023

The revenue and non-current assets information from continuing operations above are based on the location of the customers and that of the assets, respectively.

Information about a major customer

Revenue from continuing operations for the year ended 31 March 2014 of approximately HK$58,862,000 (2013: HK$59,365,000) was derived from revenue by the cleaning and related services segment to the Group's largest single customer. Furthermore, approximately HK$53,609,000 (2013: HK$41,167,000) was derived from another one (2013: one) customer contributed 10% or more to the Group's revenue for the year ended 31 March 2014.

4. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of services rendered and goods sold. An analysis of the Group's revenue, other income and gains from continuing operations is as follows:

	The Group	
	2014	2013
	HK$'000	*HK$'000*
		(Restated)
Revenue		
Cleaning and related service fee income	**218,223**	193,109
Television screen broadcast business income	**742**	1,003
Medical waste treatment income	**8,508**	7,055
Waste treatment income	**71**	–
	227,544	201,167
Other income and gains		
Bank interest income	**135**	636
Amortisation of deferred income*	**474**	462
Management fee received	**60**	68
Sundry income	**2,555**	1,018
	3,224	2,184

* Various government grants have been received for purchase of property, plant and equipment for medical waste treatment. There are no unfilled conditions or contingencies relating to these subsidies.

5. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

		The Group			
	Notes	**2014**		2013	
		Continuing operations	**Discontinued operation**	Continuing operations	Discontinued operation
		HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
				(Restated)	*(Restated)*
Cost of services rendered*		**193,669**	**194**	175,408	2,719
Auditors' remuneration		**1,062**	**–**	1,021	–
Minimum lease payments under operating lease in respect of land and buildings		**1,466**	**325**	2,608	62
Depreciation on owned property, plant and equipment		**7,302**	**201**	4,167	232
Depreciation on leased property, plant and equipment		**48**	**–**	48	–
Amortisation of intangible assets	*11*	**12,658**	**–**	16,101	–
Employee benefit expenses (including directors' remuneration)					
Wages, salaries and other benefits		**174,954**	**107**	156,342	102
Retirement benefit scheme contributions		**7,512**	**18**	6,787	18
Provision for long service payments		**532**	**–**	401	–
Provision for untaken paid leave		**1,061**	**–**	875	–
Total employee benefit expenses		**184,059**	**125**	164,405	120
Impairment of intangible assets	*11*	**32,438**	**–**	28,327	–
Impairment of goodwill	*10*	**–**	**9,960**	–	–
Loss on disposal on subsidiaries	*16*	**–**	**5,450**	–	–
Loss on disposal of items of property, plant and equipment		**138**	**279**	341	–

* The cost of services rendered included an employee benefit expenses of approximately HK$163,566,000 (2013: HK$149,058,000) incurred in the provision of services which has been included in the employee benefit expenses above.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	The Group	
	2014	2013
	HK$'000	*HK$'000*
Interest on a bank overdraft	**–**	19
Interest on a finance lease	**8**	12
	8	31

All finance costs are from continuing operations only.

7. INCOME TAX EXPENSES

		The Group	
	Note	**2014**	2013
		HK$'000	*HK$'000*
Current tax			
Hong Kong		**–**	–
Mainland China		**38**	219
		38	219
Tax charge from continuing operations for the year		**38**	–
Tax charge from a discontinued operation for the year	*8*	**–**	219
		38	219

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2013: Nil).

The corporate income tax has been provided for subsidiaries in Mainland China based on assessable profits arising in Mainland China during the year (2013: Nil). Subsidiaries located in the People's Republic of China (the "PRC") are subject to the PRC corporate income tax at a rate of 25% on its assessable profits.

8. DISCONTINUED OPERATION

On 28 March 2014, the Group entered into an agreement to dispose of the entire issued share capital of PAC Holdings and the full amount of the interest-free shareholder's loan owed by PAC Holdings to the Group. Pan Asia Group carried out the management consulting services business of the Group. The disposal was completed on 28 March 2014 immediately after execution of the agreement, on which date the Group ceased to hold any issued share capital of PAC Holdings. Details of the assets and liabilities disposed of, and the calculation of the profit or loss on disposal, are disclosed in Note 16 of the announcement.

The (loss)/profit from the discontinued operation which has been included in the consolidated statement of profit or loss and other comprehensive income are set out below:

	Note	**2014**	2013
		HK$'000	*HK$'000*
Revenue		**430**	4,336
Other income and gains		**7**	7
Impairment loss on goodwill		**(9,960)**	–
Expenses		**(5,351)**	(3,472)
(Loss)/profit before tax from discontinued operation		**(14,874)**	871
Taxation	*7*	**–**	(219)
(Loss)/profit for the year		**(14,874)**	652
Loss on disposal of subsidiaries	*16*	**(5,450)**	–
(Loss)/profit for the year from discontinued operation		**(20,324)**	652
(Loss)/profit for the year from discontinued operation attributable to:			
Owners of the Company		**(18,228)**	330
Non-controlling interest		**(2,096)**	322
		(20,324)	652
(Loss)/profit for the year from discontinued operation includes the following:			
Depreciation on owned property, plant and equipment		**201**	232
Loss on disposal of items of property, plant and equipment		**279**	–

9. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

Basic and diluted loss per share

The calculation of the basic loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,302,286,040 (2013: 1,237,003,541) in issue during the year.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 March 2014 and 2013 in respect of a dilution as the impact of the warrants and share options outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

The calculation of the basic and diluted loss per share is based on:

	2014	2013
	HK$'000	*HK$'000*
(Loss)/profit		
(Loss)/profit attributable to ordinary equity holders of the Company used in the basic and diluted loss per share calculation:		
– Continuing and discontinued operations	**(70,588)**	(56,569)
– Discontinued operation	**(18,228)**	330
– Continuing operations	**(52,360)**	(56,899)

	Number of shares	
	2014	2013
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted loss per share calculation	**1,302,286,040**	1,237,003,541

Basic and diluted loss per share for the discontinued operations is HK$0.0140 per share (2013: gain of HK$0.0017 per share), based on the loss for the year from discontinued operation of HK$20,324,000 (2013: gain of HK$652,000) and denominators detailed for basic and diluted earnings per share.

10. GOODWILL

The Group

	HK$'000
Cost	
At 1 April 2012	39,185
Acquisition of subsidiaries during the year	22,960
At 31 March 2013 and 1 April 2013	62,145
Disposal of subsidiaries during the year	(22,960)
At 31 March 2014	39,185
Accumulated impairment	
At 1 April 2012, 31 March 2013, 1 April 2013	39,185
Impairment loss recognised during the year	9,960
Disposal of subsidiaries during the year	(9,960)
At 31 March 2014	39,185
Carrying amount	
At 31 March 2014	**–**
At 31 March 2013	22,960

Goodwill is allocated to the Group's cash-generating units identified according to business segment as follows:

	2014	2013
	HK$'000	*HK$'000*
Management consulting services	**–**	22,960
Medical waste treatment	**–**	–
	–	22,960

11. INTANGIBLE ASSETS

The Group

	Medical waste treatment *HK$'000*	Free right *HK$'000*	Total *HK$'000*
Cost			
At 1 April 2012	33,995	151,286	185,281
Additions	150	–	150
Exchange realignment	231	–	231
At 31 March 2013 and 1 April 2013	34,376	151,286	185,662
Additions	5	–	5
Exchange realignment	645	–	645
At 31 March 2014	35,026	151,286	186,312
Accumulated amortisation and impairment			
At 1 April 2012	19,837	12,607	32,444
Amortisation during the year	972	15,129	16,101
Impairment for the year	–	28,327	28,327
Exchange realignment	140	–	140
At 31 March 2013 and 1 April 2013	20,949	56,063	77,012
Amortisation during the year	998	11,660	12,658
Impairment for the year	–	32,438	32,438
Exchange realignment	391	–	391
At 31 March 2014	22,338	100,161	122,499
Carrying amount			
At 31 March 2014	**12,688**	**51,125**	**63,813**
At 31 March 2013	13,427	95,223	108,650

The Directors have reviewed the carrying amount at the end of the reporting period and confirm that approximately HK$32,438,000 (2013: HK$28,327,000) of intangible assets is required to be impaired. It was due to the decrease in value in use as a result of the reduction in projected revenue during the forecast period as compared with the original cash flow forecast.

12. TRADE RECEIVABLES

	The Group	
	2014	2013
	HK$'000	*HK$'000*
Trade receivables	**33,488**	39,258

The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of 30 days, extending up to 90 days for customers with a long-term relationship. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	The Group	
	2014	2013
	HK$'000	*HK$'000*
Within 30 days	**19,243**	16,234
31 to 60 days	**10,434**	9,190
61 to 90 days	**3,434**	3,491
91 to 120 days	**273**	10,018
Over 120 days	**104**	325
	33,488	39,258

13. PLEDGED TIME DEPOSITS

At the end of the reporting period, the Group's banking facilities were secured by the pledge of certain of the Group's time deposits amounting to approximately HK$10,506,000 (2013: HK$10,022,000).

14. TRADE PAYABLES

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

	The Group	
	2014	2013
	HK$'000	*HK$'000*
Within 30 days	**2,566**	1,490
31 to 60 days	**1,254**	842
61 to 90 days	**49**	45
Over 90 days	**293**	2,140
	4,162	4,517

The trade payables are non-interest-bearing and are normally settled on 30-day terms.

15. SHARE CAPITAL

	2014	2013
	HK$'000	*HK$'000*
Authorised:		
2,000,000,000 ordinary shares of HK$0.01 each	**20,000**	20,000
Issued and fully paid:		
1,302,286,040 (2013: 1,302,286,040) ordinary shares of HK$0.01 each	**13,023**	13,023

16. DISPOSAL OF SUBSIDIARIES

On 28 March 2014, the Group entered into an agreement to dispose of the entire issued share capital of PAC Holdings and the full amount of the interest-free shareholder's loan owed by PAC Holdings to the Group. Pan Asia Group carried out the management consulting services business of the Group. The disposal was completed on 28 March 2014 immediately after execution of the agreement, on which date the Group ceased to hold any issued share capital of PAC Holdings, Pan Asia Century Investments Limited and the 51% share of capital of Shanghai GoalReal Investments Advisory Company Limited.

Total consideration satisfied by:

	HK$'000
Cash consideration	29,000

The carrying amount of the net assets disposed of are as follows:

	Note	*HK$'000*
Property, plant and equipment		652
Goodwill		13,000
Trade receivables		5,708
Prepayments, deposits and other receivables		35,583
Cash and cash equivalents		6,751
Trade payables		(2,014)
Other payables and accrued liabilities		(5,626)
Tax payable		(3,447)
Net assets disposed of		50,607

Loss on disposal of subsidiaries

	Note	*HK$'000*
Consideration received		29,000
Net assets disposed of		(50,607)
Release of exchange fluctuation reserve		565
Non-controlling interest		15,592
Loss on disposal of subsidiaries	*8*	(5,450)

17. CONTINGENT LIABILITIES

At the end of the reporting period, the Group had contingent liabilities as follows:

(a) The Group has executed performance guarantees to the extent of an aggregate amount of HK$4,914,000 (2013: HK$4,838,000) in respect of certain services provided to various customers by the Group.

(b) The Group had a contingent liability in respect of possible future long service payments to employees under the Employment Ordinance, with a maximum possible amount of approximately HK$4,227,000 as at 31 March 2014 (2013: HK$2,830,000). The contingent liability has arisen because, at the end of the reporting period, a number of current employees have achieved the required number of years of service to the Group in order to be eligible for long service payments under the Employment Ordinance if their employment is terminated under certain circumstances. A provision of approximately HK$2,290,000 (2013: HK$1,510,000) in respect of such payments has been made in the consolidated statement of financial position as at 31 March 2014.

(c) During the ordinary course of its business, the Group may from time to time be involved in litigation concerning personal injuries sustained by its employees or third party claimants. The Group maintains insurance cover and, in the opinion of the Directors, based on current evidence, any such existing claims should be adequately covered by the insurance as at 31 March 2014 and 2013.

18. COMMITMENTS

	The Group	
	2014	2013
	HK$'000	*HK$'000*
Contracted, but not provided for:		
Property, plant and equipment	–	102

EXTRACT OF INDEPENDENT AUDITORS' REPORT ON THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

Basis for Qualified Opinion

On 28 March 2014 (the "Disposal Date"), the Group disposed of its entire interest in Pan Asia Century Holdings Limited and its subsidiaries (collectively referred to as the "Pan Asia Group"), and the Pan Asia Group has been classified as a discontinued operation. As explained in Note 3 to the consolidated financial statements, the Group has not been able to obtain access to the accounting records of the Pan Asia Group subsequent to the disposal, and the Group has accounted for the discontinued operation based on the unaudited interim accounts of the Pan Asia Group for the period from 1 April 2013 to 30 September 2013 for the purpose of preparing the Group's consolidated financial statements. Under Hong Kong Financial Reporting Standards, the Pan Asia Group should have been consolidated from 1 April 2013 up to the Disposal Date. In the absence of the financial information of the Pan Asia Group for the period from 1 April 2013 up to the Disposal Date, we were unable to obtain sufficient appropriate audit evidence about the loss from discontinued operation of approximately HK$20,324,000 included in the Group's consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2014 and related disclosures in the consolidated financial statements.

As further explained in Note 3 to the consolidated financial statements, the Group has a right to receive compensation arising from profit guarantee ("the Compensation") in connection with the Group's acquisition of the Pan Asia Group in 2012, which has been accounted for as a derivative financial asset on the Group's consolidated statement of financial position. The fair value change on this derivative financial asset, and the amount of the Compensation, shall be determined based on the financial information of the Pan Asia Group. In the absence of the financial information of the Pan Asia Group as explained above, we were unable to obtain sufficient appropriate audit evidence about the amount of the Compensation of approximately HK$6,938,000 included in the Group's consolidated statement of financial position at 31 March 2014; and the fair value change on derivative financial asset of approximately HK$4,932,000 included in the Group's consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2014.

Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Qualified Opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the consolidated financial statements give a true and fair view of the state of the affairs of the Company and the Group as at 31 March 2014, and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirement of the Hong Kong Companies Ordinance.

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Results

The Group's turnover from continuing operations for the year ended 31 March 2014 amounted to approximately HK$227,544,000, (2013: HK$201,167,000) represented 13.1% increase as compared to the previous year. The loss of the Group from continuing operations was approximately HK$52,518,000 (2013: HK$56,747,000). Cleaning and related services business made a profit of approximately HK$6,453,000, the medical waste treatment business made a profit of approximately HK$2,556,000, the waste treatment business made a loss of approximately HK$4,364,000 and the television screen broadcast business made a loss of approximately HK$20,028,000 of which HK$11,660,000 was from the amortisation of the intangible asset related to the granting of the Free Right by Xinhua News Agency Asia-Pacific Regional Bureau Limited ("APRB") for the television screen broadcast business under the cooperation agreement entered into on 22 November 2010 (the "Cooperation Agreement"). As the performance of the television screen broadcast business was worse than expected, an impairment loss of approximately HK$32,438,000 was recognised.

The management consulting services business was divested by the Group on 28 March 2014, which made a loss of approximately HK$4,921,000 for the period up to 28 March 2014, the date of the disposal.

Financial Review

As at 31 March 2014, the Group's cash and cash equivalents and pledged time deposits totalled approximately HK$67,507,000 (2013: HK$72,705,000) and its current ratio (excluded the discontinued operation) was 3.58 (2013: 4.64). The Group's net assets were approximately HK$173,123,000 (2013: HK$260,968,000).

As at 31 March 2014, the Group did not have any bank borrowings but the Group had a finance lease payable and loans from a director of approximately HK$57,000 and approximately HK$9,591,000 respectively (2013: HK$109,000 and HK$10,650,000) and therefore, its gearing ratio, representing ratio of a finance lease payable and loans from a director to shareholders' equity was 5.6% (2013: 4.1%). The Group's shareholders' equity amounted to approximately HK$173,123,000 as at 31 March 2014 (2013: HK$260,968,000).

The Group takes a prudent approach to cash management and risk control. Its revenues, expenses and capital expenditures in relation to cleaning related business and television screen broadcast business are transacted in Hong Kong ("HK") dollars, whereas those of the medical waste treatment business and waste treatment business and medical consultation business are transacted in Renminbi ("RMB"). The Group's cash and bank balances are primarily denominated in HK dollars, RMB and United States dollars.

Foreign currency risks in relation to exchange rate fluctuations of RMB will be mitigated as future revenue from the medical waste treatment business, which is in RMB, can offset future liabilities and expenses.

As at 31 March 2014, the Group's banking facilities were secured by the pledge of certain of the Group's time deposits amounting to approximately HK$10,506,000 (2013: HK$10,022,000).

Business Review

Television screen broadcast business

The Group, in association with APRB, is rededicated and refocused on developing the television screen broadcast business. The news programs including finance, sports, entertainment, lifestyle and world events provided to the Group on an exclusive basis by Xinhua News Agency, continue to run smoothly on through-trains operated by the MTR Corporation Limited ("MTR") running from Guangzhou East to Hong Kong and at the MTR Hunghom Departure Hall in Hong Kong. The news programs broadcasted on various locations in Hong Kong, including departure gates in the Hong Kong International Airport ("HK Airport"), Grand Millenium Plaza in Sheung Wan, Lockhart Road in Causeway Bay and Hennessy Road in Wan Chai also continue to run smoothly.

During the year, the Group has appointed Mr. Yu Guang as Chief Executive Office ("CEO") and Mr. David Wei Ji as Chief Operating Officer ("COO"). They are responsible for overseeing the general operations of the television screen broadcast business. So far, the Group has signed a major advertising agreement with Xiangxing (Fujian) Bag & Luggage Group Company Limited ("Xiangxing"), one of China's largest luggage manufacturer. The value of the contract was approximately HK$30,000,000 per annum, with an option to renew for an additional one year. The total potential consideration would be approximately HK$60,000,000.

Furthermore, the Group has endeavored to approach media agents to discuss cooperation in sharing of LED screen outlets to increase broadcasting channels, in both Hong Kong and PRC and also to reduce initial capital investment cost.

According to the Cooperation Agreement, APRB has undertaken that the audited operating revenue derived from the television screen broadcast business for the year ended 31 December 2011 and the year ended 31 December 2012 would be no less than HK$30,000,000 and HK$100,000,000, respectively (the "Revenue Undertaking"). As the Revenue Undertaking was not fulfilled, negotiations on remedial actions were on-going and the parties have made progress as to the major terms of the settlement.

The Company will make further announcement on and when appropriate. The Company expects to reach an agreement with APRB soon.

Cleaning and related services

Our Group is an integrated cleaning services provided in Hong Kong. The Group has been engaged in the cleaning business, pest control and other cleaning related professional service for over 35 years and has accumulated solid knowledge and extensive experience in these fields. The Group has engaged in many substantial cleaning service projects and gained unique strength and experience in making good use of the Group's resources. With our Group's strong and devoted management team and stable workforce, the Group was able to maintain growth in the reporting year notwithstanding the fierce competition in the market and various challenges.

During the year, the Group secured contracts with a listed property developer to provide cleaning and related professional services to their prominent office building in Island East and was appointed as the cleaning service contractor for a luxury residential estate in Island South.

The Group was also able to set in motion to provide cleaning and other related professional services to a foreign property developer to render cleaning, pest and rodent treatment and stone finishing maintenance services to its luxury residences, townhouses, and detached houses in the heart of Kowloon and all along Island South.

The Group also entered into three contracts for providing warewash services to one of the biggest flight kitchens in Hong Kong, and providing general cleaning to their headquarters. The contracts were renewed for two years during the reporting year.

The Group was also re-appointed to provide cleaning, pest control and food waste collection services to a renowned shopping centre and an industrial centre in Kowloon Bay for a term of two years.

Sales volume of the stone maintenance and restoration products specially formulated for the Asian markets, continued to grow, symbolising growing recognition of the products in the market.

The government published a blueprint for sustainable use of resources in May 2013. As mentioned therein, among others, mobilising the community in reducing the municipal solid waste and collection and recycling of food waste, thereby alleviating the pressure on the landfills, is one of the environmental protection targets in the coming decade. With our extensive study and researches on treatment technologies conducted in the past years on recycling processes, the Group, during the reporting year, had co-operated and rendered services to several residential estates and schools in these activities. The Group will continue to develop in this area.

Medical waste treatment business

As to the medical waste treatment business, the two medical waste treatment plants of the Group located in Siping City and Suihua City in PRC, have been operating smoothly throughout the reporting year.

Waste treatment business

As announced on 18 March 2014, the Group and the independent state-owned enterprise had reached consensus to terminate the negotiation regarding the Group's investment of a waste treatment plant in Shuyang County, Jiansu Province, PRC. The Group is currently looking into other options in respect of this investment.

Management consulting services business

As announced on 28 March 2014, the Group divested its entire interest in Pan Asia Group for a total consideration of approximately HK$29,000,000. The Group considers the management consulting business to be a non-core asset that does not fit in with the Group's current dual business model. The divesture will allow the Group to reallocate its full resources to dedicate to its existing main business segments.

Pursuant to the agreement dated 29 August 2012 to acquire the shares in PAC Holdings, the consideration was subject to a downward adjustment if the actual net profit of the Pan Asia Group for the 12-month period commencing from the completion date was less than HK$10,000,000. The actual net loss of the Pan Asia Group for the 12-month period ended 23 September 2013 was HK$3,604,000. Accordingly, the consideration was adjusted and the Group is entitled to a payment of approximately HK$6,938,000 from the vendor, pending final audit. The management will start discussions with the vendor regarding the payment once the final receivable amount is finalised.

Prospects

Television screen broadcast business

With the new appointments of CEO and COO and with the rededicated focus of the Group, the prospects of the television screen broadcast business looks bright. Currently, the subsidiary has a multitude of LED screen outlets in Hong Kong covering the most high profile densely populated areas such as HK Airport, MTR Hunghom Station, Sheung Wan, Wan Chai and Causeway Bay.

The rededicated group has already converted these outlets into signing a major advertising agreement with Xiangxing, at a consideration of approximately HK$30,000,000 per annum, with an option to extend for an additional year. The total potential consideration of the agreement is worth approximately HK$60,000,000. In full cooperation with APRB, the Group will look to target other large Chinese enterprises with similar advertising budgets.

Furthermore, the Group is currently in negotiations to acquire several high profile LED screen outlets in China in order to expand the supply of its LED screen outlets. The potential projects are all located in first tier Chinese cities such as Beijing, Shanghai, Shenzhen and Guangzhou in order to maximise the exposure of our target demographic and to increase the attractiveness of our broadcast network to our potential advertising clients.

The Group will focus and look to expand our broadcast network in both Hong Kong and China for the next two years. Starting in year 2016, the Group, with the expansive network of APRB, plans to expand its broadcast business into other Asia Pacific regions such as Macau, South Korea and Japan. The expansion will not only meet the demands of Chinese enterprises looking to penetrate the international markets, but also satisfy foreign enterprises looking to tap into the Chinese market.

In cooperation with APRB, the Group will look to fully unlock and to synergise with the exclusive value of the free right to soon develop the television screen broadcast business into the main revenue generating source of the Group.

Cleaning and related services

Looking forward, the shortage of low-skilled labour, largely attributable to an aging population, is expected to persist and remain a long-term challenge. By implementing a series of effective measures, the Group was able to overcome the challenge in the past few years and is confident that the Group can prevail in the future. Among other measures, the Group will, as a continuous initiative, conducts joint manpower adequacy reviews with our customers on a regular basis and share with them rewards of the productivity gained.

The Group will continue to share our rich knowledge and extensive experience in the organic waste separation and recycling areas with our customers and the Hong Kong community. This indeed is one of our commitments to our social responsibility in making a green living environment for the society and for future generations.

Medical waste treatment business

The two medical waste treatment plants located in Siping City and Suihua City are now well established and are expected to continue their smooth operations. The Group therefore expects the medical waste treatment business segment will continue to bring in revenue for the Group in the future.

Dividend

The Directors do not recommend the payment of any dividend to shareholders for the year ended 31 March 2014 (2013: Nil).

Contingent Liabilities

At the end of the reporting period, the Group had contingent liabilities as follows:

(a) The Group has executed performance guarantees to the extent of an aggregate amount of approximately HK$4,914,000 (2013: HK$4,838,000) in respect of certain services provided to various customers by the Group.

(b) The Group had a contingent liability in respect of possible future long service payments to employees under the Employment Ordinance, with a maximum possible amount of approximately HK$4,227,000 as at 31 March 2014 (2013: HK$2,830,000). The contingent liability has arisen because, at the end of the reporting period, a number of current employees have achieved the required number of years of service to the Group in order to be eligible for long service payments under the Employment Ordinance if their employment is terminated under certain circumstances. A provision of approximately HK$2,290,000 (2013: HK$1,510,000) in respect of such payments has been made in the condensed consolidated statement of financial position as at 31 March 2014.

(c) During the ordinary course of its business, the Group may from time to time be involved in litigation concerning personal injuries sustained by its employees or third party claimants. The Group maintains insurance cover and, in the opinion of the Directors, based on current evidence, any such existing claims should be adequately covered by the insurance as at 31 March 2014 and 2013.

Employees and Remuneration Policies

The total number of employees of the Group as at 31 March 2014 was 1,609 (2013: 1,519). Total staff costs, including directors' emoluments and net pension contributions, for the period under review amounted to HK$184,059,000 (2013: HK$164,525,000). The Group provides employees with training programmes to equip them with the latest skills.

Remunerations are commensurate with individual job nature, work experience and market conditions, and performance-related bonuses are granted to employees on discretionary basis.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE OF THE MAIN BOARD LISTING RULES

Throughout the year, the Company has complied with the code provisions set out in the Corporate Governance Code (the "CG Code") in Appendix 14 of the Main Board Listing Rules throughout the year under review, save for the deviations as set out below:

Code Provision 13.5(2)

The Company submitted Declaration and Undertaking forms in regards to new Directors appointed during and after the reporting period, other than Mr. Yan Liang's.

Notification of Change of Directors of a Non-Hong Kong Company regarding the appointment and resignation of Directors effective on 10 September 2013 were filed to the Companies Registry on 28 November 2013.

The Register of Directors and Officers regarding appointment and resignation of Directors effective on 10 September 2013 were submitted to the Cayman Registrar on 28 November 2013.

Due to many recent personnel changes during the reported period, the Company inadvertently overlooked the submission deadlines.

AUDIT COMMITTEE

The Audit Committee of the Company comprises 3 members, namely, Mr. Tsang Chi Hon (Chairman of Audit Committee), Mr. Xu Rong and Mr. Wang Qi, who are independent non-executive directors of the Company. The Audit Committee has reviewed with management of the Group and auditors the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including to review of the Group's consolidated financial statements for the year ended 31 March 2014.

PUBLICATION OF RESULTS ANNOUNCEMENT AND DESPATCH OF ANNUAL REPORT

The annual results announcement is published on the websites of the Stock Exchange at (www.hkexnews.hk) and the Company at (www.XHNmedia.com). The 2013/14 annual report containing all the information required by the Main Board Listing Rules will be despatched to the Company's shareholders and available on the above websites in due course.

On behalf of the Board
Xinhua News Media Holdings Limited
Ju Mengjun **Lo Kou Hong**
Co-chairman *Co-chairman*

Hong Kong, 30 June 2014

As at the date of this announcement, the Board comprises six executive directors, namely Mr. Ju Mengjun, Dr. Lo Kou Hong, Mr. Yu Guang, Mr. David Wei Ji, Mr. Chang Yong and Mr. Yan Liang; and four independent non-executive directors, namely Mr. Xu Rong, Mr. Tang Binfeng, Mr. Wang Qi and Mr. Tsang Chi Hon.