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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

RESULTS

The board of directors (the "Board") of Xinhua News Media Holdings Limited (the "Company") announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 September 2014. These condensed consolidated interim financial statements have not been audited, but have been reviewed by the Company's audit committee.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

		For the six months ended 30 September	
		2014	2013
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
			(Restated)
CONTINUING OPERATIONS			
REVENUE		**137,084**	106,112
Other income and gains	*4*	**333**	1,067
Staff costs		**(97,672)**	(85,969)
Depreciation and amortisation		**(5,862)**	(8,891)
Fair value change on derivative financial asset	*11*	**–**	4,932
Other operating expenses		**(34,093)**	(23,045)
Finance costs	*5*	**(14)**	(5)
Share of profit of an associate		**22**	17
LOSS BEFORE TAX FROM CONTINUING OPERATIONS	*6*	**(202)**	(5,782)
Income tax expenses	*7*	**(214)**	–
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		**(416)**	(5,782)

	Notes	For the six months ended 30 September 2014 (Unaudited) HK$'000	2013 (Unaudited) HK$'000 (Restated)
DISCONTINUED OPERATION			
Loss for the period from a discontinued operation	*8*	**–**	(14,217)
LOSS FOR THE PERIOD		**(416)**	(19,999)
OTHER COMPREHENSIVE INCOME			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations, net of tax		**26**	1,016
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**(390)**	(18,983)
Loss attributable to:			
Owners of the Company		**(535)**	(18,501)
Non-controlling interests		**119**	(1,498)
		(416)	(19,999)
Total comprehensive loss attributable to:			
Owners of the Company		**(519)**	(17,990)
Non-controlling interests		**129**	(993)
		(390)	(18,983)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*9*		
Basic and diluted			
– For continuing and discontinued operations		**HK$(0.0004)**	HK$(0.0142)
– For loss from continuing operations		**HK$(0.0004)**	HK$(0.0049)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2014

	Notes	30 September 2014 (Unaudited) HK$'000	31 March 2014 (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**23,208**	23,784
Intangible assets	*10*	**59,819**	63,813
Investment in an associate		**637**	615
Total non-current assets		**83,664**	88,212
CURRENT ASSETS			
Inventories		**169**	142
Amount due from an associate		**240**	240
Trade receivables	*12*	**46,331**	33,488
Prepayments, deposits and other receivables	*13*	**36,501**	38,607
Pledged time deposits	*14*	**10,513**	10,506
Cash and cash equivalents		**73,776**	57,001
Total current assets		**167,530**	139,984
CURRENT LIABILITIES			
Trade payables	*15*	**5,241**	4,162
Other payables and accrued liabilities		**34,929**	32,582
Loan from a director		**2,966**	2,015
Finance lease payables		**200**	57
Tax payable		**320**	320
Total current liabilities		**43,656**	39,136
NET CURRENT ASSETS		**123,874**	100,848
TOTAL ASSETS LESS CURRENT LIABILITIES		**207,538**	189,060

	30 September 2014 (Unaudited) *HK$'000*	31 March 2014 (Audited) *HK$'000*
NON-CURRENT LIABILITIES		
Loan from a director	**6,306**	7,576
Finance lease payables	**595**	–
Provision for long service payments	**2,541**	2,290
Deferred income	**6,080**	6,071
Total non-current liabilities	**15,522**	15,937
Net assets	**192,016**	173,123
EQUITY		
Equity attributable to owners of the Company		
Issued capital	**13,675**	13,023
Reserves	**181,599**	163,487
	195,274	176,510
Non-controlling interests	**(3,258)**	(3,387)
Total equity	**192,016**	173,123

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements for the six months ended 30 September 2014 ("Financial Statements") are prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements set out in Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Main Board Listing Rules").

The accounting policies and the basis of preparation adopted in the preparation of the Financial Statements are the same as those used in the Group's annual financial statements for the year ended 31 March 2014, except for the adoption of certain new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (which include all HKFRSs, HKASs and Interpretations) that are adopted for the first time for the current period's Financial Statements as disclosed in note 2 below.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

In the current period, the Group has applied for the first time, the following new and revised standards, amendments and interpretations ("new HKFRS") issued by the HKICPA, which are effective for the Group's financial period beginning on 1 April 2014. A summary of the new HKFRSs are set out as below:

HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities
HKAS 36 (Amendments)	Recoverable Amount Disclosures for Non-Financial Assets
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) – Int 21	Levies

The application of the above new HKFRSs had no material effect on the results and financial positions of the Group for the current or prior accounting periods which have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early adopted the following new HKFRSs that have been issued but are not yet effective.

Amendments to HKFRSs	Annual Improvements 2010-2012 Cycle[2]
Amendments to HKFRSs	Annual Improvements 2011-2013 Cycle[1]
Amendments to HKFRSs	Annual Improvements 2012-2014 Cycle[3]
HKFRS 9 & HKFRS 7 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[7]
HKFRS 9 (as revised in 2014)	Financial Instruments[6]
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interest in Joint Operations[3]
HKFRS 14	Regulatory Deferral Accounts[4]
HKFRS 15	Revenue from Contracts with Customers[5]
HKAS 19 (as revised in 2011)	Defined Benefit Plans: Employee Contributions[1]
HKAS 27 (as revised in 2011)	Separate Financial Statements[3]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation[3]
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants[3]

1 Effective for annual periods beginning on or after 1 July 2014
2 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions
3 Effective for annual periods beginning on or after 1 January 2016
4 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016
5 Effective for annual periods beginning on or after 1 January 2017
6 Effective for annual periods beginning on or after 1 January 2018
7 No mandatory effective date yet determined but is available for adoption

The Group is in the process of assessing the potential impact of the above new HKFRSs upon initial application but not yet in a position to state whether the above new HKFRSs will have a significant impact on the Group'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 services, 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.

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, finance lease payables, 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:

	For the six months ended 30 September 2014						
	Continuing operations					Discontinued operation	
	Cleaning and related services (Unaudited) *HK$'000*	Television screen broadcast business (Unaudited) *HK$'000*	Medical waste treatment (Unaudited) *HK$'000*	Waste treatment (Unaudited) *HK$'000*	Sub-total (Unaudited) *HK$'000*	Management consulting services (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000*
Segment revenue:							
Service income from external customers	**121,963**	**9,918**	**5,104**	**99**	**137,084**	**–**	**137,084**
Other income and gains	**259**	**61**	**–**	**1**	**321**	**–**	**321**
Total	**122,222**	**9,979**	**5,104**	**100**	**137,405**	**–**	**137,405**
Segment results	**7,118**	**2,745**	**1,209**	**(1,148)**	**9,924**	**–**	**9,924**
Reconciliation:							
Interest income							**12**
Unallocated gains							**22**
Unallocated expenses							**(10,146)**
Impairment of goodwill							**–**
Finance costs							**(14)**
Loss before tax							**(202)**
Income tax expenses							**(214)**
Loss for the period							**(416)**

	For the six months ended 30 September 2013						
	Continuing operations					Discontinued operation	
	Cleaning and related services (Unaudited) *HK$'000* (Restated)	Television screen broadcast business (Unaudited) *HK$'000* (Restated)	Medical waste treatment (Unaudited) *HK$'000* (Restated)	Waste treatment (Unaudited) *HK$'000* (Restated)	Sub-total (Unaudited) *HK$'000* (Restated)	Management consulting services (Unaudited) *HK$'000* (Restated)	Total (Unaudited) *HK$'000* (Restated)
Segment revenue:							
Service income from external customers	101,501	727	3,884	–	106,112	428	106,540
Other income and gains	41	1	729	180	951	–	951
Total	101,542	728	4,613	180	107,063	428	107.491
Segment results	2,866	(8,671)	1,576	(438)	(4,667)	(4,262)	(8,929)
Reconciliation:							
Interest income							121
Unallocated gains							4,949
Unallocated expenses							(6,175)
Impairment of goodwill							(9,960)
Finance costs							(5)
Loss before tax							(19,999)
Income tax expenses							–
Loss for the period							(19,999)

4. OTHER INCOME AND GAINS

	For the six months ended 30 September	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
		(Restated)
Sundry income	**119**	685
Net gain on disposal of property, plant and equipment	**172**	–
Amortisation of deferred income	**–**	235
Bank interest income	**12**	117
Management fee received	**30**	30
	333	1,067

5. FINANCE COSTS

	For the six months ended 30 September	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
		(Restated)
Interest on finance leases	**14**	5

6. LOSS BEFORE TAX

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

	For the six months ended 30 September	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
		(Restated)
Cost of services rendered		
Continuing operations	**106,677**	80,080
Discontinued operation	**–**	193
Depreciation		
Continuing operations	**1,796**	2,582
Discontinued operation	**–**	200
Amortisation of intangible assets		
Continuing operations	**4,066**	6,309
Discontinued operation	**–**	–
Loss on disposal of property, plant and equipment		
Continuing operations	**–**	–
Discontinued operation	**–**	278

7. INCOME TAX EXPENSES

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 period (2013: Nil).

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

	For the six months ended 30 September	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current tax		
Hong Kong	**–**	–
The PRC	**214**	–
	214	–

8. DISCONTINUED OPERATION

On 28 March 2014, the Group entered into an agreement to dispose of the entire issued share capital of Pan Asia Century Holdings Limited ("PAC Holdings") and the full amount of the interest-free shareholder's loan owed by PAC Holdings to the Group. PAC Holdings and its subsidiaries 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.

The results from the management consulting services business for the six months ended 30 September 2014 and 2013 which has been included in the condensed consolidated statement of profit or loss and other comprehensive income are set out below:

	For the six months ended 30 September	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
		(Restated)
Revenue	**–**	428
Other income and gains	**–**	5
Impairment of goodwill	**–**	(9,960)
Expenses	**–**	(4,690)
Loss before tax from a discontinued operation	**–**	(14,217)
Income tax expenses	**–**	–
Loss for the period from a discontinued operation	**–**	(14,217)

The net cash flows incurred by management consulting services business are as follows:

	For the six months ended 30 September	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
		(Restated)
Operating activities	**–**	21,841
Investing activities	**–**	5
Financing activities	**–**	–
	–	21,846
Effect of foreign exchange rate changes, net	**–**	382
Net cash inflow	**–**	22,228
Loss per share:		
Basic and diluted, from a discontinued operation	**–**	HK$(0.0093)

No adjustment has been made to the basic loss per share amounts presented for the six months ended 30 September 2014 and 2013 in respect of a dilution as the impact of share options and warrants outstanding has an anti-dilutive effect on the basic loss per share from discontinued operation amounts presented.

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

The calculation of basic loss per share is based on the loss for the period attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 1,304,423,745 (2013: 1,302,286,040) in issue during the period.

No adjustment has been made to the basic loss per share amounts presented for the six months ended 30 September 2014 and 2013 in respect of a dilution as the impact of the share options and warrants outstanding had an anti-dilutive effect on the basic loss per share amounts presented. The diluted loss per share was the same as the basic loss per share.

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

	For the six months ended 30 September	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
		(Restated)
Loss		
Loss attributable to ordinary equity holders of the Company used in the basic and diluted loss per share calculation		
– From continuing operations	**(535)**	(6,368)
– From a discontinued operation	**–**	(12,133)

	Number of shares	
	2014	2013
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted loss per share calculation	**1,304,423,745**	1,302,286,040

10. INTANGIBLE ASSETS

	Medical waste treatment *HK$'000*	Free right *HK$'000*	Total *HK$'000*
Cost			
At 31 March 2014 (Audited)	35,026	151,286	186,312
Additions	52	–	52
Exchange realignment	56	–	56
At 30 September 2014 (Unaudited)	35,134	151,286	186,420
Accumulated amortisation and impairment			
At 31 March 2014 (Audited)	22,338	100,161	122,499
Amortisation during the period	499	3,567	4,066
Exchange realignment	36	–	36
At 30 September 2014 (Unaudited)	22,873	103,728	126,601
Carrying amount			
At 30 September 2014 (Unaudited)	**12,261**	**47,558**	**59,819**
At 31 March 2014 (Audited)	12,688	51,125	63,813

11. DERIVATIVE FINANCIAL ASSET

During the six months ended 30 September 2013, the consideration adjustment in relation to the acquisition of PAC Holdings and its subsidiaries (collectively known as "Pan Asia Group") was finalised. Fair value gain of the derivative financial asset of approximately HK$4,932,000 is recognised in profit or loss for the six months ended 30 September 2013.

Subsequent to the reporting period, the compensation of the profit guarantee in total of approximately $6,938,000 was fully settled on 28 October 2014.

12. TRADE RECEIVABLES

	30 September 2014 (Unaudited) ***HK$'000***	31 March 2014 (Audited) *HK$'000*
Trade receivables	**46,331**	33,488

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. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing. At the end of the reporting period, the aged analysis of trade receivables, based on invoice date, is as follows:

	30 September 2014 (Unaudited)	31 March 2014 (Audited)
	HK$'000	*HK$'000*
Within 30 days	**28,164**	19,243
31 – 60 days	**11,714**	10,434
61 – 90 days	**3,550**	3,434
91 – 120 days	**2,329**	273
Over 120 days	**574**	104
	46,331	33,488

13. PREPAYMENT, DEPOSIT AND OTHER RECEIVABLE

Other receivables include approximately HK$17,000,000, due as a result of the disposal of the Pan Asia Group pursuant to the agreement as disclosed in the Company's announcement on 31 March 2014, was settled in full subsequent to the reporting period.

14. PLEDGED TIME DEPOSITS

At the end of the reporting period, the Group's banking facilities were secured by the pledge of certain Group's time deposits amounting to approximately HK$10,513,000 (31 March 2014: HK$10,506,000).

15. TRADE PAYABLES

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

	30 September 2014 (Unaudited)	31 March 2014 (Audited)
	HK$'000	*HK$'000*
Within 30 days	**5,030**	2,566
31 – 60 days	**103**	1,254
61 – 90 days	**102**	49
Over 90 days	**6**	293
	5,241	4,162

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

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Results

The Group's turnover from continuing operations for the six months ended 30 September 2014 amounted to approximately HK$137,084,000 represented a 29% increase as compared to the same period last year. The loss of the Group (included a discontinued operation) for the six months ended 30 September 2014 was approximately HK$416,000 (2013: HK$19,999,000). Cleaning and related services business made a profit of approximately HK$7,118,000, the medical waste treatment business made a profit of approximately HK$1,209,000, the waste treatment business make a loss of approximately HK$1,148,000 and the television screen broadcast business made a profit of approximately HK$2,745,000.

Financial Review

As at 30 September 2014, the Group's cash and cash equivalents and pledged time deposits totalled approximately HK$84,289,000 (31 March 2014: HK$67,507,000) and its current ratio (excluding discontinued operation) was 3.84 (31 March 2014: 3.58). The Group's net assets were approximately HK$192,016,000 (31 March 2014: HK$173,123,000).

As at 30 September 2014, the Group did not have any bank borrowings but the Group has finance lease payables and loans from a Director of approximately HK$795,000 and HK$9,272,000 respectively (31 March 2014: HK$57,000 and HK$9,591,000) and therefore, its gearing ratio, representing ratio of finance lease payables and loans from a Director to shareholders' equity was 5.2% (31 March 2014: 5.6%). The Group's shareholders' equity amounted to approximately HK$192,016,000 as at 30 September 2014 (31 March 2014: HK$173,123,000).

The Group takes a prudent approach to cash management and risk control. Its revenues, expenses and capital expenditures in relation to cleaning and related services 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 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 and waste treatment business, which is in RMB, can offset future liabilities and expenses.

As at 30 September 2014, the Group's banking facilities were secured by the pledge of certain Group's time deposits amounting to approximately HK$10,513,000 (31 March 2014: HK$10,506,000).

Business Review

Television screen broadcast business

For the television screen broadcast business, specially produced news programs by Xinhua News Agency, were provided to the Group on an exclusive basis. The news programs including but not limited to finance, sports, entertainment and lifestyle 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. Also, the television programs broadcasting on selected television screens at departure gates in the Hong Kong International Airport ("HK Airport") running smoothly as well. The Group has also renewed its existing contracts with the MTR Corporation regarding Hunghom departure Hall and MTR KTT through train, which will ensure the Group to have exclusive rights to these broadcasting platforms for the foreseeable future. Furthermore, the 240 inch outdoor LED screen located at Grand Millenium Plaza, Cosco Tower is also under contract and fully operational.

During the period under review, the Group is pleased to have signed an advertising contract with Xiangxing (Fujian) Bag & Luggage Group Company Limited ("Xiangxing") for an aggregate sum of HK$30,000,000 per annum with the mutual option to renew for another year at HK$30,000,000. The Group will continue to adopt the strategy of targeting large enterprises with large advertising budgets as its potential client and advertising partner. Additionally, the Group has started negotiations with multiple media agents and advertising corporations regarding potential cooperation and partnerships in order to increase its broadcast platform while also minimising initial capital investment costs.

According to the Cooperation Agreement, Xinhua News Agency Asia-Pacific Regional Bureau Limited ("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 will be no less than HK$30,000,000 and HK$100,000,000, respectively (the "Revenue Undertaking"). Since the Revenue Undertaking was not fulfilled, the Group entered into the remedial agreement with APRB on 15 July 2014 as full and final compensation for the non-fulfillment of the Revenue Undertaking. Appropriate disclosures have been made in the announcement of the Company on 15 July 2014. Furthermore, as disclosed in the Company's announcement on 21 November 2014, the Group is currently in the process of preparing and finalising the circular in accordance with the Main Board Listing Rules and is expected to be dispatched on or before 12 December 2014. Appropriate announcements will be made in the event of further delay of the circular.

Cleaning and related services

Adapting to the present market climate and responding to the growing demand for more innovative and attentive services, the Group has taken stock of our performance to ensure that it is and will continue to be highly efficient, effective and versatile at all times.

During the past six months under review, the Group secured a 32-month contract with a renowned property owner for the provision of general cleaning for both common and tenanted areas, pest control and management, stone finishing maintenance as well as curtain wall cleaning for a 30-storey office building on Connaught Road, Central.

The Group's business co-operation with a listed property developer sparked significant progress. A contract was signed with this developer to render initial and general cleaning, pest management, decoration waste disposal and related services to a brand new housing estate in New Territories West, comprising an annexed "Green Atrium", which is one of a first in residential developments, for educating and raising the awareness of environmental protection. Through a stringent screening process, the Group was elected because of, firstly, our extensive job references in residential properties and, secondly, of the Group's strength in the environmental protection field, particularly in the organic waste separation and treatment process.

In addition to the above new developments, several major contracts were renewed ranging from two to three years. These contracts include a top-notch shopping mall and commercial building in Causeway Bay, a Grade-A commercial building on Pedder Street in Central, two residential estates in Tung Chung and one in Kowloon Bay.

The Group's high-level cleaning has also shown growth at a steady pace. The Group is one of a few in the industry to provide such high-level cleaning services by direct employees to warrant service quality. The Group maintains cooperation with a consultation group in the provision of cleaning to various overhead areas in hospitals and sanitariums, which calls for higher sanitary requirements and minimal disturbances when the cleaning work was being carried out.

The Group's stone and tile maintenance and restoration products imported from Italy continued to gain popularity and recognition in Hong Kong, Macau and the mainland as the sale volume steadily increased.

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 period under review.

Waste treatment business

The Group is seeking various options in respective of this investment during the period under review.

Prospects

Television screen broadcast business

The Group has rededicated and refocused its efforts to successfully build and expand the television screen broadcast business. With Xinhua News Agency Asia Pacific Bureau as the Group's operating partner, the Group believes that the television screen broadcast business can be a lucrative segment that can generate high gross and net margins coincide a high turnover. Thus, the Group will endeavor to deploy all necessary resources in improving the brand in order to increase coverage and market share.

The Group is currently in negotiations with several media agents as well as other media advertising corporations in forming possible partnerships. The Group believes that this strategy can broaden the television screen platform, increase brand awareness, as well as minimise initial capital investment. These potential partners have television screens located in key strategic locations such as Beijing, Shanghai, and Guangzhou in the PRC as well as Japan, Macau and Singapore in the Asia Pacific which perfectly fits with the group's current expansion strategy.

In Hong Kong, the Group is currently looking to increase the total number of LED screen outlets in order to increase the attractiveness to potential advertising customers. The Group is currently in negotiations with several parties involving television screens in key strategic locations such as Tsim Sha Tsui, Mongkok, Causeway Bay and Wan Chai. Combine these possibilities with the Group's existing platforms located at HK Airport, Hung Hom Train Station, and Sheung Wan, the Group believes that it will create an even more attractive platform to its new and existing advertising clients.

The Group recognises the potential value of the television screen broadcast business, and thus will refocus its full attention in making this sequent of the business a success. Barring unforeseen circumstances, the Directors believe many ongoing discussions and negotiations mentioned above would provide positive impacts on the Group in the immediate future.

Cleaning and related services

The Statutory Minimum Wage ("SMW") rate, which now stands at $30.00 per hour, will be revised in May 2015. SMW rate has a far-reaching impact in the cleaning service industry. Most of our major contracts with our customers provide a mechanism for adjusting our service charges to commensurate with the movements of the SMW rate and/or the Consumer Price Index.

The chronic shortage of labour besets employers in Hong Kong as a whole. The situation is more serious in the service industry. There is no sign of ease in the foreseeable future. According to some analysts, this phenomenon can be attributed not only to an aging population but also to the fact that people are choosing rather to further their academic qualifications instead.

To help combat against such pernicious effect, the Group, in order to attract and retain good staff, has put in place a staff retention programme, such as offering more attractive fringe benefits, reviewing its current medical scheme benefits and improving the chances of promotion etc. Through such efforts, the staff turnover rate, on a comparative basis, is relatively low.

With the Group's reputation and experience in the cleaning and related services industry and backed by a stable and reliable workforce, the Group is confident that it can make progress in developing its business in this area in the coming years.

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 that the medical waste treatment business segment will continue to bring in revenue to the Group in the future.

Interim Dividend

The Board does not recommend the payment of any dividend to shareholders for the six months ended 30 September 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$6,799,000 (31 March 2014: HK$4,914,000) 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$4,609,000 as at 30 September 2014 (31 March 2014: HK$4,227,000). 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 HK$2,541,000 (31 March 2014: HK$2,290,000) in respect of such payments has been made in the condensed consolidated statement of financial position as at 30 September 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 30 September 2014 and 31 March 2014.

Employees and Remuneration Policies

The total number of employees of the Group as at 30 September 2014 was 1,605 (31 March 2014: 1,609). Total staff costs, including directors' emoluments and net pension contributions, for the period under review amounted to HK$97,672,000 (30 September 2013: HK$85,969,000). 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 has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2014.

UPDATE ON DIRECTORS' INFORMATION UNDER RULE 13.51B(1) OF THE MAIN BOARD LISTING RULES

Pursuant to the relevant requirements under Main Board Listing Rules, changes in the composition of the Board and the Board committees during the six months ended 30 September 2014 were as follows:–

- Mr. Xu Rong resigned as an independent non-executive director of the Company, and accordingly has ceased to be a member of the audit committee, executive committee and remuneration committee under the Board with effect from 3 September 2014.

- As the ordinary resolution was not duly passed by the Shareholders by way of poll at the annual general meeting of 30 September 2014, Mr. Tang Binfeng retired as independent non-executive director of the Company at the conclusion of the annual general meeting of 30 September 2014, and accordingly has ceased to be a member of the strategy and development committee.

CORPORATE GOVERNANCE

Corporate Governance Practices

The Board is committed to maintaining a high corporate governance standard and procedures to safeguard the interests of the Company's shareholders ("Shareholders") and to enhance accountability and transparency.

The Board recognises the vital importance of good corporate governance to the Group's management, success and sustainability. Corporate governance practices would be reviewed from time to time to ensure compliance with the regulatory requirements and to meet the rising expectations of Shareholders and investors relating to transparency and accountability of all its operations.

Compliance with Corporate Governance Code of the Main Board Listing Rules

During the six months ended 30 September 2014, 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 six months period under review, save for the deviations as set out below:

Following Mr. Xu Rong's resignation, the number of members of the audit committee of the Company (the "Audit Committee") falls below the minimum number as required under Rule 3.21 of the Main Board Listing Rules. The Board will identify an appropriate person to fill the vacancy of the member of the Audit Committee as soon as practicable and in any event within three months from the date of Mr. Xu Rong's resignation pursuant to Rule 3.23 of the Main Board Listing Rules.

Pursuant to Rule 3.10 and 3.10A of the Main Board Listing Rules, every board of Directors of a listed issuer must include at least three independent non-executive directors and represent at least one-third of the Board. Following Mr. Tang Binfeng's retirement, the number of independent non-executive Directors falls below the minimum number as required under Rule 3.10 and 3.10A of the Main Board Listing Rules. The Board will identify an appropriate person to fill the vacancy of independent non-executive Director as soon as practicable and in any event within three months from the date of the annual general meeting of 30 September 2014 pursuant to Rule 3.10A of the Main Board Listing Rules.

AUDIT COMMITTEE

The Audit Committee comprises two members, namely, Mr. Tsang Chi Hon (Chairman of the audit committee) and Mr. Wang Qi, who are both independent non-executive directors. The Audit Committee is primarily responsible for reviewing and providing supervision over the Group's financial reporting processes and internal controls. The Audit Committee comprises and will continue to comprise exclusively of independent non-executive Directors in accordance with the requirements of the CG Code set out in Appendix 14 of the Main Board Listing Rules. The Group's unaudited consolidated results for the six months ended 30 September 2014 have been reviewed by the Audit Committee, which was of the opinion that such financial statements complied with the applicable accounting standards and that adequate disclosures have been made.

PUBLICATION OF RESULTS ANNOUNCEMENT AND DESPATCH OF INTERIM REPORT

The interim results announcement is published on the websites of the Stock Exchange at (www.hkexnews.hk) and the Company at (www.XHNmedia.com). The 2014 interim report containing all the information required by the Main Board Listing Rules will be dispatched 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, 28 November 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. Yang Liang and two independent non-executive directors, namely Mr. Wang Qi and Mr. Tsang Chi Hon.