

INTERIM REPORT 2014/2015



**XINHUA
media.**

XINHUA NEWS MEDIA HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 309

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Ju Mengjun (*Co-chairman*)
Lo Kou Hong (*Co-chairman*)
Yu Guang
David Wei Ji
Chang Yong
Yan Liang

Independent Non-executive Directors

Wang Qi
Tsang Chi Hon

AUDIT COMMITTEE

Tsang Chi Hon (*Chairman*)
Wang Qi

REMUNERATION COMMITTEE

Tsang Chi Hon (*Chairman*)
Wang Qi

NOMINATION COMMITTEE

Ju Mengjun (*Chairman*)
Wang Qi
Tsang Chi Hon

STRATEGY AND DEVELOPMENT COMMITTEE

Yu Guang (*Chairman*)
Yan Liang
Tsang Chi Hon

EXECUTIVE COMMITTEE

Ju Mengjun (*Chairman*)
Yu Guang
David Wei Ji
Chang Yong
Tsang Chi Hon

CORPORATE GOVERNANCE COMMITTEE

David Wei Ji (*Chairman*)
Yu Guang
Chang Yong
Yan Liang
Tsang Chi Hon

COMPANY SECRETARY

Goh Choo Hwee

AUDITORS

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

SOLICITORS

Ma Tang & Co.

REGISTER OFFICE

P.O. Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

2nd Floor
5 Sharp Street West
Wan Chai
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor
Royal Bank House
24 Shedden Road
P.O. Box 1586
Grand Cayman
KY1-1110
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
22nd Floor
Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking
Corporation Limited
Dah Sing Bank, Limited

STOCK CODE

309

COMPANY'S WEBSITE

www.XHNmedia.com

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 together with the unaudited comparative figures for the six months ended 30 September 2013 as follows. 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

	Notes	For the six months ended 30 September 2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000 (Restated)
CONTINUING OPERATIONS			
Revenue	3	137,084	106,112
Other income and gains	4	333	1,067
Staff costs		(97,672)	(85,969)
Depreciation and amortisation	6	(5,862)	(8,891)
Fair value change on derivative financial asset	12	–	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)
DISCONTINUED OPERATION			
Loss for the period from a discontinued operation	8	–	(14,217)
Loss for the period		(416)	(19,999)
Other comprehensive income			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations, net of tax		26	1,016
Total comprehensive loss for the period		(390)	(18,983)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

For the six months ended 30 September 2014

	<i>Note</i>	For the six months ended 30 September 2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000 (Restated)
Income/(Loss) attributable to:			
Owners of the Company		(535)	(18,501)
Non-controlling interests		119	(1,498)
		(416)	(19,999)
Total comprehensive income/(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
ASSETS			
Non-current assets			
Property, plant and equipment	10	23,208	23,784
Intangible assets	11	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	21(b)	240	240
Trade receivables	13	46,331	33,488
Prepayments, deposits and other receivables	14	36,501	38,607
Pledged time deposits	15	10,513	10,506
Cash and cash equivalents		73,776	57,001
Total current assets		167,530	139,984
LIABILITIES			
Current liabilities			
Trade payables	16	5,241	4,162
Other payables and accrued liabilities		34,929	32,582
Loan from a director	21(b)	2,966	2,015
Finance lease payables	17	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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

At 30 September 2014

	Notes	30 September 2014 (Unaudited) HK\$'000	31 March 2014 (Audited) HK\$'000
Non-current liabilities			
Loan from a director	21(b)	6,306	7,576
Finance lease payables	17	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	18	13,675	13,023
Reserves		181,599	163,487
Non-controlling interests		195,274 (3,258)	176,510 (3,387)
Total equity		192,016	173,123

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2014

	Attributable to owners of the Company										
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Merger reserve HK\$'000	Share option reserve HK\$'000	Contributed surplus HK\$'000	Accumulated losses HK\$'000	Exchange fluctuation reserve HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 April 2013 (Audited)	13,023	450,896	254	47,063	17,313	26,758	(320,441)	12,087	246,963	14,015	260,968
Loss for the period	-	-	-	-	-	-	(18,501)	-	(18,501)	(1,498)	(19,999)
Other comprehensive income for the period:											
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	511	511	505	1,016
Total comprehensive loss for the period	-	-	-	-	-	-	(18,501)	511	(17,990)	(993)	(18,983)
At 30 September 2013 (Unaudited)	13,023	450,896	254	47,063	17,313	26,758	(338,942)	12,598	228,963	13,022	241,985
At 1 April 2014 (Audited)	13,023	450,896*	254*	47,063*	17,313*	26,758*	(391,029)*	12,232*	176,510	(3,387)	173,123
(Loss)/profit for the period	-	-	-	-	-	-	(535)	-	(535)	119	(416)
Other comprehensive income for the period:											
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	16	16	10	26
Total comprehensive loss for the period	-	-	-	-	-	-	(535)	16	(519)	129	(390)
Placing of new shares	652	18,631	-	-	-	-	-	-	19,283	-	19,283
At 30 September 2014 (Unaudited)	13,675	469,527*	254*	47,063*	17,313*	26,758*	(391,564)	12,248*	195,274	(3,258)	192,016

* These reserve accounts comprise the consolidated reserves of approximately HK\$181,599,000 (31 March 2014: HK\$163,487,000) in the condensed consolidated statement of financial position as at 30 September 2014.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2014

	For the six months ended	
	30 September 2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Net cash used in operating activities	(1,855)	(6,296)
Net cash used in investing activities	(1,064)	(960)
Net cash generated from/(used in) financing activities	19,687	(25)
Net increase/(decrease) in cash and cash equivalents	16,768	(7,281)
Cash and cash equivalents at the beginning of the period	57,001	63,037
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	7	427
Cash and cash equivalents at the end of the period	73,776	56,183
Analysis of balances of cash and cash equivalents		
Cash and bank balances	73,722	56,019
Non-pledged time deposits with original maturity of less than three months when acquired	54	54
Cash and cash equivalents as stated in the condensed consolidated statement of financial position	73,776	56,073
Cash and bank balances attributable to assets classified as held for sale	-	110
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	73,776	56,183

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2014

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 applied 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

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

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 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 television screen broadcast business segment engages in the provision of publicly broadcasting information and advertisements on television screens services;
- (c) the medical waste treatment segment engages in the provision of non-incineration medical waste handling services for hospitals; 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.

3. OPERATING SEGMENT INFORMATION (continued)

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

	For the six months ended 30 September 2014					Discontinued operation	Total (Unaudited) HK\$'000
	Continuing operations						
	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	
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)

3. OPERATING SEGMENT INFORMATION (continued)

	For the six months ended 30 September 2013					Discontinued operation	Total (Unaudited) HK\$'000 (Restated)
	Continuing operations					Management consulting services (Unaudited) HK\$'000 (Restated)	
	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)		
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 (Unaudited) HK\$'000	2013 (Unaudited) 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 (Unaudited) HK\$'000	2013 (Unaudited) 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 (Unaudited) HK\$'000	2013 (Unaudited) 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 (Unaudited) HK\$'000	2013 (Unaudited) 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 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000 (Restated)
Revenue	-	428
Other income and gains	-	5
Impairment of goodwill	-	(9,960)
Expenses	-	(4,690)
Loss before tax from the discontinued operation	-	(14,217)
Income tax expenses	-	-
Loss for the period from the discontinued operation	-	(14,217)

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

	For the six months ended 30 September 2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000 (Restated)
Operating activities	-	21,841
Investing activities	-	5
Financing activities	-	-
Effect of foreign exchange rate changes, net	-	21,846 382
Net cash inflow	-	22,228
Loss per share:		
Basic and diluted, from the 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 (Unaudited) HK\$'000	2013 (Unaudited) 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 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. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2014, the Group acquired items of property, plant and equipment with a cost of approximately HK\$1,197,000 (2013: HK\$569,000). Items of property, plant and equipment with carrying amount of approximately HK\$8,000 were disposed during the six months ended 30 September 2014 (2013: HK\$391,000), resulting in a net gain on disposal of property, plant and equipment of approximately HK\$172,000 (2013: a net loss on disposal of property, plant and equipment of approximately HK\$278,000).

11. INTANGIBLE ASSETS

	Medical waste treatment <i>HK\$'000</i>	Free right <i>HK\$'000</i>	Total <i>HK\$'000</i>
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

12. 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 on the derivative financial asset of approximately \$4,932,000 was 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 HK\$6,938,000 was fully settled on 28 October 2014.

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

14. PREPAYMENT, DEPOSIT AND OTHER RECEIVABLE

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

15. 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\$10,513,000 (31 March 2014: HK\$10,506,000).

16. TRADE PAYABLES

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

	30 September 2014 (Unaudited) HK\$'000	31 March 2014 (Audited) HK\$'000
Within 30 days	5,030	2,566
31 to 60 days	103	1,254
61 to 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.

17. FINANCE LEASE PAYABLES

The Group leases certain of its plant and machinery and a motor vehicle for its business. These leases are classified as finance leases and have remaining lease terms from half to four years.

At 30 September 2014 and 31 March 2014, the total future minimum lease payments under finance leases are as follows:

	30 September 2014 (Unaudited) HK\$'000	31 March 2014 (Audited) HK\$'000
Amounts payable:		
Within one year	232	60
In the second year	202	-
In the third to fifth year, inclusive	436	-
Total minimum finance lease payments	870	60
Future finance charges	(75)	(3)
Total net finance lease payables	795	57
Portion classified as current liabilities	(200)	(57)
Non-current portion	595	-

18. SHARE CAPITAL

	30 September 2014 (Unaudited) HK\$'000	31 March 2014 (Audited) HK\$'000
Authorised: 2,000,000,000 (31 March 2014: 2,000,000,000) ordinary shares of HK\$0.01 each	20,000	20,000
Issued and fully paid: 1,367,486,040 (31 March 2014: 1,302,286,040) ordinary shares of HK\$0.01 each	13,675	13,023

A summary of the transactions during the period with reference to the below movements in the Company's issued ordinary share capital is as follows:

	Number of shares in issue	Issued capital (Unaudited) HK\$'000
Issued:		
At 31 March 2014	1,302,286,040	13,023
Placing of new shares (<i>Note</i>)	65,200,000	652
At 30 September 2014	1,367,486,040	13,675

Note:

On 25 September 2014, 65,200,000 ordinary shares of HK\$0.01 each of the Company were issued at a price of HK\$0.325 per share.

Employee share option scheme

As at 30 September 2014, there were 19,000,000 share options under the Share Option Scheme. During the six months ended 30 September 2014, no share options were lapsed. The exercise in full of the remaining share options would, under the present capital structure of the Company, result in the issue of 19,000,000 additional ordinary shares of the Company and additional share capital of HK\$190,000 and share premium of HK\$5,035,000 (before issue expenses).

At the date of approval of these condensed consolidated interim financial statements, the Company had 19,000,000 share options outstanding under the existing Share Option Scheme, which represented approximately 1.38% of the Company's shares in issue as at that date.

The Share Option Scheme expired on 23 April 2013. No further share options would be granted under the scheme, but share options outstanding should remain in full force and effects in all other respects.

19. CONTINGENT LIABILITIES

At the end of the reporting period, the Group's contingent liabilities are as follows:

- (i) The Group has executed performance guarantees to the extent of an aggregate amount of HK\$6,799,000 (31 March 2014: HK\$4,914,000) in respect of certain services provided to various customers by the Group.
- (ii) 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.
- (iii) 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.

20. OPERATING LEASE ARRANGEMENTS

The Group leases its office properties and staff quarters under operating lease arrangements, which are negotiated for terms ranging from one to five years.

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases due as follows:

	30 September 2014 (Unaudited) HK\$'000	31 March 2014 (Audited) HK\$'000
Within one year	1,133	733
In the second to fifth years, inclusive	117	351
	1,250	1,084

21. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions and balances disclosed elsewhere in these condensed consolidated interim financial statements, the Group had the following material transactions with related companies, of which certain directors are also the directors of the Company, during the period. Certain related companies are owned by a discretionary trust of which the beneficiaries include the family members of Dr. Lo Kou Hong and certain related companies owned by Xinhua News Agency Asia-Pacific Regional Bureau.

	<i>Notes</i>	For the six months ended 30 September 2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Management fee income from a related company	<i>(i)</i>	30	30
Interest income from an associate	<i>(ii)</i>	–	25

Notes:

- (i) The management fee income from the provision of accounting and administrative services and the sharing of office space and facilities with the Group was received in a lump sum annually with reference to the actual costs incurred.
- (ii) The interest received from an associate was charged at an interest rate of 5% per annum on the outstanding amount due from an associate.
- (b) Outstanding balances with related parties:

The amount due from an associate is unsecured, interest-free and repayable on demand.

As at 30 September 2014, the loans from a director amounted to approximately HK\$9,272,000 are included in continuing operations (31 March 2014: HK\$9,591,000). The loans are unsecured, interest-free and not repayable within the next twelve months except for a loan of approximately HK\$2,966,000 (31 March 2014: HK\$2,015,000) which is repayable within the next twelve months.

21. RELATED PARTY TRANSACTIONS (continued)

(c) Compensation of key management personnel of the Group:

	For the six months ended 30 September 2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Short term employee benefits	1,550	1,015
Post-employment benefits	9	36
Total compensation paid to key management personnel	1,559	1,051

22. FINANCIAL INSTRUMENTS

(a) *Financial instruments carried at fair value*

Fair value hierarchy

These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the assets or liabilities.

There were no transfers between Level 1 and 2 and 3 for the period ended 30 September 2014 and 2013.

(b) *Fair values of financial assets and liabilities measured at amortised costs*

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised costs in the condensed consolidated financial statements approximately their fair values.

23. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

These condensed consolidated interim financial statements were approved and authorised for issue by the Board on 28 November 2014.

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 which 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) represented a 98% improvement when compared to the previous reporting period. 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

The television screen broadcast business has shown significant turn around as the retooled efforts from senior management helped this business segment post a net gain for the first time. Operationally, the specially produced news programs by Xinhua News Agency, to the Group on an exclusive basis, which 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. 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. The Group will build on this new momentum to continue to improve and to expand this business segment with the focus to evolve this segment to be the biggest revenue gainer.

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 to 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 with 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 several 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 segment of the business a success. Barring unforeseen circumstances, the Directors believe many ongoing discussions and negotiations mentioned above would and will provide positive impacts to 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 OF 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.

SHARE OPTION SCHEME

The Company operated a share option scheme (the "Scheme"), which expired on 23 April 2013. No further share options would be granted under the scheme, but share options outstanding should remain in full force and effects in all other respects.

The following table discloses movements in the Company's share options outstanding during the six months ended 30 September 2014:

Name or category of participant	Number of share options			Date of grant of share options (Note (1))	Exercise period of share options	Exercise price of share options (Note (2)) HK\$ per share
	At 1 April 2013	Granted/ exercised/ lapsed/ cancelled during the year	At 30 September 2014			
Directors						
Dr. Lo Kou Hong	6,000,000	–	6,000,000	12-5-05	22-4-05 to 21-4-15	0.275
Other employees						
In aggregate (Note (3))	13,000,000	–	13,000,000	12-5-05	22-4-05 to 21-4-15	0.275
	19,000,000	–	19,000,000			

Notes to the table of share options outstanding during the period:

- (1) The vesting period of the share options is from the date of grant until the commencement of the exercise period.
- (2) The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

- (3) Ms. Ko Lok Ping, Maria Genoveffa resigned as an executive director of the Company on 27 September 2011. The 6,000,000 share options granted by the Company to Ms. Ko Lok Ping, Maria Genoveffa for subscribing 6,000,000 shares of the Company remain exercisable.

Mr. Leung Tai Tsan, Charles and Mr. Cheung Pui Keung, James resigned as executive directors of the Company on 27 October 2011. The 3,000,000 share options granted by the Company to Mr. Leung Tai Tsan, Charles and the 4,000,000 share options granted by the Company to Mr. Ceung Pui Keung, James for subscribing 3,000,000 shares and 4,000,000 shares of the Company respectively remain exercisable.

No share options have been granted, exercised, lapsed and/or cancelled during the six months ended 30 September 2014.

The Scheme expired on 23 April 2013. During the period ended 30 September 2014, no share options were granted, exercised, lapsed and/or cancelled by the Company under the Scheme. No further shares options could be granted under the Scheme, but the share options outstanding shall remain in full force and effect in all other respects.

DIRECTORS' INTEREST IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 September 2014, the interests of the directors of the Company in the shares and underlying shares of the Company and its associated corporations as recorded in the register required to be kept under Section 352 of the Securities and Futures Ordinance (the "SFO"); or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

A.(1) INTERESTS IN SHARES OF THE COMPANY

Name of director	Long/Short position	Capacity	Number of ordinary shares	Percentage* of the Company's issued share capital
Mr. Yu Guang	Long	Interest held by controlled corporation	141,387,000 (Note (1))	10.34%
	Short	Interest held by controlled corporation	20,000,000 (Note (2))	1.46%
Dr. Lo Kou Hong	Long	Founder of a discretionary trust	40,000,000 (Note (3))	2.93%
	Long	Interest of spouse	1,700,000 (Note (4))	0.12%
	Long	Beneficial Owner	6,000,000	0.44%
	Long	Interest of spouse	6,000,000 (Note (5))	0.44%

Notes:

- (1) These shares were beneficially owned by Pan Asia Century Consulting Limited (“PAC Consulting”) the entire issued share capital of which was wholly owned by Huian International Investment Limited (“Huian”). The entire issued share capital of Huian was beneficially owned by Mr. Yu Guang. Accordingly, Mr. Yu Guang was deemed to be interested in such shares through these controlled corporations pursuant to Part XV of the SFO. Although Ms. Zhang Li does not personally and beneficially own any interest in the Company, she was deemed to be interested by virtue of her being the wife of Mr. Yu Guang.
- (2) The 20,000,000 shares of the Company was pledged to the Company pursuant to the acquisition agreement regarding acquisition of Pan Asia Century Holdings Limited, as disclosed in the Company’s announcement of 29 August 2012, as security for adjustment of the consideration under the said agreement.

The entire short position of the pledged shares has been nullified as this transaction was fully settled subsequent to the reporting period as detailed in note 12 of the financial statement footnotes.

- (3) These shares were owned by The Lo’s Family (PTC) Limited in its capacity as the trustee of The Lo’s Family Unit Trust, a unit trust of which all the units in issue were owned by Equity Trustee Limited as the trustee of The Lo’s Family Trust, a discretionary trust of which the objects included Dr. Lo Kou Hong’s family members. Accordingly, Dr. Lo Kou Hong, as the founder of The Lo’s Family Trust, was deemed to be interested in the shares of the Company owned by The Lo’s Family (PTC) Limited in its capacity as the trustee of The Lo’s Family Unit Trust under Part XV of the SFO.
- (4) Dr. Lo Kou Hong was deemed to be interested in the 1,700,000 shares of the Company through interest of his spouse, Ms. Ko Lok Ping, Maria Genoveffa, who personally and beneficially owns such 1,700,000 shares of the Company.
- (5) Dr. Lo Kou Hong was deemed to be interested in the 6,000,000 shares options of the Company through his spouse, Ms. Ko Lok Ping, Maria Genoveffa, who personally and beneficially owns such relevant shares options.

* The percentage represents the number of ordinary shares of the Company interested divided by the number of the Company’s issued shares as at 30 September 2014.

A.(2) INTERESTS IN UNDERLYING SHARES OF THE COMPANY – PHYSICALLY SETTLED UNLISTED EQUITY DERIVATIVES

Name of Director	Long/Short position	Capacity	Number of underlying shares of the Company in respect of the share options granted	Percentage* of the Company’s underlying shares over the Company’s issued share capital
Dr. Lo Kou Hong	Long	Beneficial Owner	6,000,000	0.44%
	Long	Interest of spouse	6,000,000 (Note)	0.44%

Details of the above share options as required to be disclosed by the Main Board Listing Rules have been disclosed in the section headed "Share Option Scheme".

Note: Dr. Lo Kou Hong was deemed to be interested in the 6,000,000 share options of the Company through interest of his spouse, Ms. Ko Lok Ping, Maria Genoveffa, who personally and beneficially owns such relevant share options.

* The percentage represents the number of underlying shares interested divided by the number of the Company's issued shares as at 30 September 2014.

B.(1) ASSOCIATED CORPORATION – PEIXIN GROUP LIMITED ("PEXIN"), A SUBSIDIARY OF THE COMPANY

Name of director	Long/Short position	Capacity	Number of ordinary shares in Peixin	Percentage* of Peixin's issued share capital
Dr. Lo Kou Hong	Long	Interest held by controlled corporations	42 shares (Note)	30%

Note: The 42 shares in Peixin were held through the controlled corporations of Dr. Lo Kou Hong and Ms. Ko Lok Ping, Maria Genoveffa. As such, Dr. Lo Kou Hong and Ms. Ko Lok Ping, Maria Genoveffa were deemed to be interested in such shares pursuant to Part XV of the SFO. The remaining 70% of Peixin's issued share capital were owned by the Company.

* The percentage represents the number of underlying shares interested divided by the number of the Peixin's issued shares as at 30 September 2014.

B.(2) ASSOCIATED CORPORATION – SHUYANG ITAD ENVIRONMENTAL TECHNOLOGY LIMITED ("SHUYANG ITAD"), A SUBSIDIARY OF THE COMPANY

Name of director	Long/Short position	Capacity	Amount of registered capital in Shuyang ITAD	Percentage* of Shuyang ITAD's issued share capital
Dr. Lo Kou Hong	Long	Interest held by controlled corporation	RMB62,500,000 (Note)	100%

Note: The entire registered capital in Shuyang ITAD was beneficially owned by Peixin and 42 shares in Peixin were beneficially owned by a controlled corporation of Dr. Lo Kou Hong and Ms. Ko Lok Ping, Maria Genoveffa in equal shares. Such 42 shares in Peixin represent 30% of the entire issued share capital on Peixin. As such, Dr. Lo Kou Hong and Ms. Ko Lok Ping, Maria Genoveffa were deemed to be interested in such registered capital pursuant to Part XV of the SFO.

* The percentage represents the amount of registered capital interested divided by the number of Shuyang ITAD's issued share as at 30 September 2014.

In addition to the above, as at 30 September 2014, Dr. Lo Kou Hong held one share in a subsidiary of the Company in a non-beneficial capacity, solely for the purpose of complying with the minimum company membership requirements.

Save as disclosed above, as at 30 September 2014, none of the directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, nor had there been any grant or exercise of rights of such interests during the six months ended 30 September 2014.

SUBSTANTIAL SHAREHOLDERS' INTEREST IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 September 2013, the following persons (other than the directors and chief executives of the Company) had interests of 5% or more in the issued shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

INTERESTS IN SHARES OF THE COMPANY

Name of substantial shareholder	Long/Short position	Capacity	Number of ordinary shares	Percentage* of the Company's issued share capital
APRB	Long	Beneficial owner	214,681,040	15.70%
Xinhua News Agency Asia-Pacific Regional Bureau	Long	Interest held by controlled corporation	214,681,040 (Note (1))	15.70%
PAC Consulting	Long	Beneficial owner	141,387,000	10.34%
	Short	Beneficial owner	20,000,000	1.46%
Huian	Long	Interest held by controlled corporation	141,387,000 (Note (2))	10.34%
	Short	Interest held by controlled corporation	20,000,000 (Note (3))	1.46%

Notes:

- (1) These shares were owned by APRB, the entire issued share capital of which was owned by Xinhua News Agency Asia-Pacific Regional Bureau. Accordingly, Xinhua News Agency Asia-Pacific Regional Bureau was deemed to be interested in such shares pursuant to Part XV of the SFO.
- (2) These shares were beneficially owned by PAC Consulting which was wholly owned by Huian. Accordingly, Huian was deemed to be interested in such shares pursuant to Part XV of the SFO. The entire issued share capital of Huian was beneficially owned by Mr. Yu Guang. Accordingly, Mr. Yu Guang was deemed to be interested in such shares pursuant to Part XV of the SFO, which is also disclosed as the interest of Mr. Yu Guang in the above section headed "Directors' Interests in the Shares and Underlying Shares of the Company and its Associated Corporations".

- (3) The 20,000,000 shares of the Company was pledged to the Company pursuant to the acquisition agreement regarding acquisition of Pan Asia Century Holdings Limited as disclosed in the Company's announcement on 29 August 2012, as a security for adjustment of the consideration under the said agreement.

The entire short position of the pledged shares has been nullified as this transaction was fully settled subsequent to the reporting period as detailed in note 12 of the financial statement footnotes.

- * The percentage represents the number of ordinary shares interested divided by the number of the Company's issued shares as at 30 September 2014.

CONNECTED TRANSACTION

The Group entered into a 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 finalizing 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 any further updates.

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.

MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

The Company has adopted its own code of conduct governing Directors' dealings in the Company's securities (the "Own Code") on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Main Board Listing Rules. Specific enquiry has been made to all Directors and all of them have confirmed that they have complied with the Own Code and the Model Code throughout the six months ended 30 September 2014.

The Company also has established written guidelines on no less exacting terms than the Model Code (the "Employees Written Guidelines") for governing the securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company or its securities. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

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

Hong Kong, 28 November 2014