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

(formerly known as Lo's Enviro-Pro Holdings Limited)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 309)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2011

The board of directors (the "Board") of Xinhua News Media Holdings Limited (formerly known as Lo's Enviro-Pro Holdings Limited) (the "Company") announces the consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2011, together with the comparative figures for the year ended 31 March 2010, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2011

	Notes	**2011** **HK$'000**	2010 *HK$'000*
REVENUE	*4*	**177,314**	176,926
Cost of sales of fertilisers		**(7,432)**	(4,325)
Other income and gains	*4*	**2,098**	995
Staff costs		**(151,090)**	(159,202)
Selling and distribution costs		**(336)**	–
Depreciation and amortisation		**(10,109)**	(3,717)
Impairment of property, plant and equipment		**(11,264)**	–
Impairment of intangible assets		**(12,681)**	–
Other operating expenses		**(49,724)**	(33,529)
Finance costs	*6*	**(39)**	(35)
Share of profit of an associate		**141**	–
LOSS BEFORE TAX	*5*	**(63,122)**	(22,887)
Income tax expense	*7*	**(283)**	–

	Note	2011 HK$'000	2010 HK$'000
LOSS FOR THE YEAR		**(63,405)**	(22,887)
OTHER COMPREHENSIVE INCOME			
Exchange differences on translation of foreign operations and other comprehensive income for the year, net of tax		**5,212**	1,284
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(58,193)**	(21,603)
Loss attributable to:			
Owners of the parent		**(51,809)**	(17,976)
Non-controlling interests		**(11,596)**	(4,911)
		(63,405)	(22,887)
Total comprehensive loss attributable to:			
Owners of the parent		**(48,313)**	(17,111)
Non-controlling interests		**(9,880)**	(4,492)
		(58,193)	(21,603)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic and diluted			
– For loss for the year		**(6.43 cents)**	(2.36 cents)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**94,323**	106,579
Goodwill		**–**	–
Intangible assets	*9*	**14,217**	21,298
Investment in an associate		**145**	–
Deposits paid for acquisition of plant and equipment		**4,409**	350
Total non-current assets		**113,094**	128,227
CURRENT ASSETS			
Inventories		**111**	3,342
Due from an associate		**1,320**	1,263
Trade receivables	*10*	**23,869**	29,272
Prepayments, deposits and other receivables	*10*	**2,418**	2,469
Pledged time deposits		**14,029**	4,002
Cash and cash equivalents		**87,290**	35,810
Total current assets		**129,037**	76,158
CURRENT LIABILITIES			
Trade payables	*11*	**2,216**	1,050
Other payables and accrued liabilities		**27,253**	24,031
Finance lease payable		**43**	–
Tax payable		**283**	–
Total current liabilities		**29,795**	25,081
NET CURRENT ASSETS		**99,242**	51,077
TOTAL ASSETS LESS CURRENT LIABILITIES		**212,336**	179,304
NON-CURRENT LIABILITIES			
Loans from a director		**4,800**	–
Finance lease payable		**157**	–
Provision for long service payments		**592**	865
Deferred income		**7,140**	–
Total non-current liabilities		**12,689**	865
Net assets		**199,647**	178,439

	2011	2010
	HK$'000	*HK$'000*
EQUITY		
Equity attributable to owners of the parent		
Issued capital	**9,063**	7,667
Reserves	**171,542**	141,850
	180,605	149,517
Non-controlling interests	**19,042**	28,922
Total equity	**199,647**	178,439

NOTES TO FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands. The registered office address of the Company is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The principal place of business of the Company is located at 3rd Floor, Caltex House, No. 258 Hennessy Road, Wanchai, Hong Kong.

During the year, the Group was engaged in the provision of cleaning and related services, the provision of medical waste treatment services and the provision of waste treatment services.

In the opinion of the directors, the parent and the ultimate holding company of the Group is The Lo's Family (PTC) Limited, which is incorporated in the British Virgin Islands.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand, except when otherwise indicated.

Basis of consolidation

Basis of consolidation from 1 April 2010

The consolidated financial statements include the financial statements of the Group for the year ended 31 March 2011. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

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

Basis of consolidation prior to 1 April 2010

Certain of the above-mentioned requirements have been applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

- Acquisitions of non-controlling interests (formerly known as minority interests), prior to 1 April 2010, were accounted for using the parent entity extension method, whereby the differences between the consideration and the book value of the share of the net assets acquired were recognised in goodwill.

- Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further excess losses were attributable to the parent, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 April 2010 were not reallocated between non-controlling interest and the parent shareholders.

- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying amount of such investment at 1 April 2010 has not been restated.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 1 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standards*
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions*
HKFRS 3 (Revised)	*Business Combinations*
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation – Classification of Rights Issues*
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*
HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners*
HKFRS 5 Amendments included in *Improvements to HKFRSs* issued in October 2008	Amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary*
Improvements to HKFRSs 2009	Amendments to a number of HKFRSs issued in May 2009
HK Interpretation 4 Amendment	Amendment to HK Interpretation 4 *Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases*
HK Interpretation 5	*Presentation of Financial Statements – Classification by the Borrower of Term Loan that Contains a Repayment on Demand Clause*

Other than as further explained below regarding the impact of HKFRS 3 (Revised), HKAS 27 (Revised) and amendments to HKAS 7, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKFRS 3 (Revised) *Business Combinations* and HKAS 27 (Revised) *Consolidated and Separate Financial Statements*

HKFRS 3 (Revised) introduces a number of changes in the accounting for business combinations that affect the initial measurement of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results.

HKAS 27 (Revised) requires that a change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Consequential amendments were made to various standards, including, but not limited to HKAS 7 *Statement of Cash Flows*, HKAS 12 *Income Taxes*, HKAS 21 *The Effects of Changes in Foreign Exchange Rates*, HKAS 28 *Investments in Associates* and HKAS 31 *Investments in Joint Ventures*.

The changes introduced by these revised standards are applied prospectively and affect the accounting of acquisitions, loss of control and transactions with non-controlling interests after 1 January 2010.

(b) *Improvements to HKFRSs 2009* issued in May 2009 sets out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments results in changes in accounting policies, none of these amendments has had a significant financial impact on the Group. Details of the key amendment most applicable to the Group are as follows:

- HKAS 7 *Statement of Cash Flows*: Requires that only expenditures that result in a recognised asset in the statement of financial position can be classified as a cash flow from investing activities.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three 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; and

(c) the waste treatment segment engages in the provision of waste handling services and sale of the by-products produced during the waste handling process.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment loss, which is a measure of adjusted loss before tax. The adjusted loss before tax is measured consistently with the Group's loss before tax except that interest income, finance costs, impairment losses from the Group's financial instruments as well as head office and corporate expenses are excluded from such measurement.

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

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

There are no intersegment sales and transfers between the segments.

	Cleaning and related services		**Medical waste treatment**		**Waste treatment**		**Total**	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:								
Service income from external customers	**166,615**	174,003	**10,374**	2,540	**325**	383	**177,314**	176,926
Other income and gains	**267**	692	**176**	–	**297**	24	**740**	716
Total	**166,882**	174,695	**10,550**	2,540	**622**	407	**178,054**	177,642
Segment results	**(2,386)**	2,518	**(2,048)**	(3,503)	**(20,724)**	(11,842)	**(25,158)**	(12,827)
Reconciliation:								
Interest income							**98**	92
Unallocated gains							**1,401**	187
Unallocated expenses							**(15,479)**	(10,304)
Impairment losses recognised in the profit or loss in respect of:								
Intangible assets							**(12,681)***	–
Property, plant and equipment							**(11,264)****	–
Finance costs							**(39)**	(35)
Loss before tax							**(63,122)**	(22,887)

* Impairment of intangible assets was related to medical waste treatment segment.

** Impairment of property, plant and equipment was related to waste treatment segment.

	Cleaning and related services		Medical waste treatment		Waste treatment		Eliminations		Total	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**325,843**	257,330	**18,095**	24,601	**107,094**	120,593	**(210,366)**	(199,402)	**240,666**	203,122
Reconciliation:										
Investment in an associate									**145**	–
Due from an associate									**1,320**	1,263
Total assets									**242,131**	204,385
Segment liabilities	**23,934**	17,553	**97,641**	92,572	**126,275**	115,223	**(210,366)**	(199,402)	**37,484**	25,946
Reconciliation:										
Finance lease payable									**200**	–
Loans from a director									**4,800**	–
									42,484	25,946
Other segment information:										
Capital expenditure	**1,184**	860	**7,313**	64	**2,737**	8,194	**–**	–	**11,234**	9,118
Depreciation and amortisation	**613**	895	**2,091**	1,049	**8,729**	4,140	**–**	–	**11,433**	6,084
Impairment losses recognised in the profit or loss in respect of:										
Intangible assets	**–**	–	**12,681**	–	**–**	–	**–**	–	**12,681**	–
Property, plant and equipment	**–**	–	**–**	–	**11,264**	–	**–**	–	**11,264**	–
Provision for slow-moving inventories	**–**	–	**–**	–	**3,518**	–	**–**	–	**3,518**	–
Write-off of inventories	**–**	–	**–**	–	**1,549**	–	**–**	–	**1,549**	–
Share of profit of an associate	**141**	–	**–**	–	**–**	–	**–**	–	**141**	–
Impairment losses reversed in the profit or loss in respect of:										
Investment in an associate	**4**	–	**–**	–	**–**	–	**–**	–	**4**	–
Due from an associate	**5**	–	**–**	–	**–**	–	**–**	–	**5**	–

Geographical information

(a) Revenue from external customers

	2011	2010
	HK$'000	*HK$'000*
Hong Kong	**166,615**	174,003
Mainland China	**10,699**	2,923
	177,314	176,926

(b) Non-current assets

	2011	2010
	HK$'000	*HK$'000*
Hong Kong	**1,881**	1,507
Mainland China	**111,213**	126,720
	113,094	128,227

The revenue information and non-current asset information above are based on the location of the customers and assets respectively.

Information about a major customer

Revenue of approximately HK$62,293,000 (2010: HK$76,360,000) was derived from sales by the cleaning and related services segment to a single customer.

4. REVENUE, OTHER INCOME AND GAINS

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

	2011	2010
	HK$'000	*HK$'000*
Revenue		
Cleaning and related service fee income	**166,615**	174,003
Medical waste treatment income	**4,046**	2,518
Construction revenue	**6,328**	22
Sale of organic fertilisers	**325**	383
	177,314	176,926
Other income and gains		
Bank interest income	**98**	92
Amortisation of deferred income*	**176**	–
Management fee received	**160**	280
Reversal of impairment of an amount due from an associate	**5**	187
Reversal of impairment of an investment in an associate	**4**	–
Gain on disposal of items of property, plant and equipment	**–**	312
Gain on termination of a contract	**1,251**	–
Sundry income	**404**	124
	2,098	995

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

5. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	Note	**2011** *HK$'000*	2010 *HK$'000*
Cost of inventories sold*		**7,432**	4,325
Cost of services rendered**		**151,934**	156,774
Auditors' remuneration		**1,100**	999
Minimum lease payments under operating leases in respect of land and buildings		**981**	766
Depreciation		**9,685**	5,295
Amortisation of intangible assets	*9*	**1,748**	789
Employee benefit expense (including directors' remuneration):			
Wages, salaries and other benefits		**142,294**	150,288
Equity-settled share option expense		**1,212**	2,569
Retirement benefit scheme contributions		**7,011**	7,406
Forfeited contributions		**(26)**	(2,152)
Net retirement benefit scheme contributions		**6,985**	5,254
Provision/(write-back of provision) for long service payments, net		**131**	(372)
Provision for untaken paid leave		**468**	1,398
Provision for severance payment		**–**	65
		151,090	159,202
Loss on property, plant and equipment written off		**–**	14
Loss/(gain) on disposal of items of property, plant and equipment		**315**	(312)
Construction cost***		**6,328**	22
Provision for slow-moving inventories*		**3,518**	–
Write-off of inventories*		**1,549**	–
Impairment of trade receivables***		**113**	318

* The cost of inventories sold for the year ended 31 March 2011 included an amount of depreciation of HK$1,324,000 (2010: HK$2,367,000) and provision for slow-moving inventories of HK$3,518,000 and write-off of inventories of HK$1,549,000. Such amount has also been included in the respective expense items disclosed above.

** The cost of services rendered included employee benefit expense of HK$134,517,000 (2010: HK$141,398,000) incurred in the provision of services which has been included in the employee benefit expense above.

*** The construction cost and impairment of trade receivables are included in "Other operating expenses" in the consolidated statement of comprehensive income.

6. FINANCE COSTS

	2011	2010
	HK$'000	*HK$'000*
Interest on bank loan repayable within five years	**–**	35
Interest on loans from a director	**19**	–
Interest on a finance lease	**20**	–
	39	35

7. INCOME TAX

	2011	2010
	HK$'000	*HK$'000*
Tax charge for the year	**283**	–

Pursuant to the PRC Corporate Income Tax Law, 10% withholding tax rate is levied on interest income received from a Group's non-PRC resident entity.

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2010: Nil). No corporate income tax has been provided in Mainland China as the Group did not generate any assessable profits arising in Mainland China during the year (2010: Nil).

8. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

Basic loss per share

The calculation of the basic loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 806,138,274 (2010: 760,373,321) in issue during the year.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 March 2011 and 2010 in respect of a dilution as the impact of the warrants, share options and convertible notes outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

The calculation of basic loss per share is based on:

	2011	2010
	HK$'000	*HK$'000*
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation	**(51,809)**	(17,976)

	Number of shares	
	2011	2010
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	**806,138,274**	760,373,321

9. INTANGIBLE ASSETS

	HK$'000
Cost at 1 April 2010, net of accumulated amortisation and impairment	21,298
Additions	6,328
Amortisation during the year *(note 5)*	(1,748)
Impairment during the year	(12,681)
Exchange realignment	1,020
At 31 March 2011	14,217
At 31 March 2011:	
Cost	32,080
Accumulated amortisation and impairment	(17,863)
Net carrying amount	14,217
Cost at 1 April 2009, net of accumulated amortisation and impairment	21,856
Additions	22
Amortisation during the year *(note 5)*	(789)
Exchange realignment	209
At 31 March 2010	21,298
At 31 March 2010:	
Cost	24,635
Accumulated amortisation and impairment	(3,337)
Net carrying amount	21,298

Impairment testing of intangible assets

During the year ended 31 March 2011, certain items of intangible assets of a subsidiary of the Group, which was engaged in medical waste treatment operation, were impaired based on the projected results of the subsidiary discounted to its current value. An impairment loss of HK$12,681,000 (2010: Nil) was charged to the profit or loss.

10. TRADE RECEIVABLES AND PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2011	2010
	HK$'000	*HK$'000*
Trade receivables	**24,304**	29,592
Impairment	**(435)**	(320)
	23,869	29,272

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. Trade receivables are non-interest-bearing.

The Group's other receivables are non-interest-bearing and their carrying amounts approximate to their fair values. Other receivables were neither past due nor impaired at the end of the reporting period.

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

	2011	2010
	HK$'000	*HK$'000*
Within 30 days	**13,700**	13,808
31 to 60 days	**5,992**	8,067
61 to 90 days	**3,798**	7,154
91 to 120 days	**133**	132
Over 120 days	**246**	111
	23,869	29,272

Movements in the provision for impairment of trade receivables are as follows:

	2011	2010
	HK$'000	*HK$'000*
At beginning of the year	**320**	–
Impairment losses recognised *(note 5)*	**113**	318
Exchange realignment	**2**	2
At end of the year	**435**	320

The above provision for impairment of trade receivables is individually impaired. The individually impaired trade receivables relate to customers that were in default or delinquency payments. The Group does not hold any collateral or other credit enhancements over these balances.

An aged analysis of the trade receivables that are not considered to be impaired is as follows:

	2011	2010
	HK$'000	*HK$'000*
Neither past due nor impaired	**13,700**	13,808
Less than 1 month past due	**5,992**	8,067
1 to 3 months past due	**3,931**	7,286
Over 3 months past due	**246**	111
	23,869	29,272

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

11. TRADE PAYABLES

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

	2011 HK$'000	2010 HK$'000
Within 30 days	**2,014**	1,049
31 to 60 days	**11**	1
61 to 90 days	**191**	–
	2,216	1,050

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

12. COMMITMENTS

	2011 HK$'000	2010 HK$'000
Contracted, but not provided for:		
Property, plant and equipment	**2,799**	292,983
Free right	**100,000**	–
	102,799	292,983

DIVIDEND

The Board does not recommend the payment of any dividend in respect of the year ended 31 March 2011 (2010: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Environment

With the United States pushing ahead with its second round of Quantitative Easing (QE2) in an attempt to stimulate its domestic economy, and other developed countries continuing to pursue accommodative monetary policies, excessive liquidity is flowing into financial markets, triggering asset-price bubbles and inflation. Some economists are of the opinion that these loose monetary policies have failed to deliver the desired results in generating a strong rebound in the economies of developed countries, although they have saved these countries from persistent recession and boosted public confidence.

The monetary policies of the People's Republic of China ("PRC") have changed from 'moderately loose' in 2010 to 'prudent' in 2011, revealing that a gradual tightening is to be expected, in order to curb inflation and subdue property speculation.

In relation to Hong Kong's economic integration with Mainland China, the twelfth 5-year plan promulgated by the central government has, among other things, once again consolidated Hong Kong as an international finance, trade and shipping centre and an offshore RMB business centre.

Following a relapse after the announcement of a special stamp duty, the residential property market in Hong Kong has resumed an upward trend. Overall prices in the first quarter of 2011 have surpassed the historic peaks of 1997, which was likely to be attributable to, firstly, low borrowing cost due to the persistent low interest rate environment throughout the year, and, secondly, capital inflows.

The job market improved significantly over the past year. The unemployment rate dropped from its high point when the financial tsunami hit in 2009 to the most recent figure of around 3.8%.

Facing a strong economic recovery, a soft US dollar and the continued rise in the price of food imported from the Mainland, inflationary pressure has gradually built up in Hong Kong, resulting in an acceleration of labour wages.

The statutory minimum wage came into force on 1 May 2011 at the initial statutory rate of $28.00 per hour. The implementation has had an impact on our businesses, most of which are labour-intensive. A working party within the Group has been formed to study the effects and smooth the way for the management of the change.

Cleaning, pest management, and stone maintenance and upkeep, in addition to sales of a series of stone maintenance products from a renowned Italian brand, remained the core businesses of the Group throughout the year and achieved steady progress.

Operating Results

The Group's turnover for the year ended 31 March 2011 amounted to HK$177,314,000, representing a 0.2% increase as compared to the previous year. The loss for the Group for the year was HK$63,122,000 (2010: HK$22,887,000). Cleaning and related services business made a loss of HK$2,386,000, and the medical waste treatment business and the waste treatment business made losses of HK$2,048,000 and HK$20,724,000 respectively. Provisions for impairment losses in respect of medical wastes treatment segment and waste treatment segment were HK$12,681,000 and HK$11,264,000 respectively.

The cleaning and related services business has been the Group's main business and continues to make significant contribution to the Group's turnover. The two medical waste treatment plants in Siping City and Suihua City are in operation and turnover for both has improved from that of the previous year.

Business Review

Cleaning services remained the principal business activity of the Group. We were successful in extending two contracts with one of the biggest flight kitchens in Hong Kong, for providing warewash and general cleaning services in their headquarters at the Hong Kong International Airport. Against a background of strong competition, the Group was able to secure several contracts for the provision of cleaning and related services for a grade-A office building in the prime location of Central; a superb composite development, comprising two high-rise and low-rise office blocks, a food court and a residential building with a shopping mall off the coast of Wanchai north; and a luxurious residential estate in Tai Wai, Shatin. Several major contracts were also renewed during the year, ranging from one year to three years.

The first cycle of curtain wall cleaning in a composite development, consisting of one high-rise hotel building and another high-rise apartment building standing in West Kowloon, was completed shortly after the Lunar New Year. The second cycle as per the contract is set to commence in the second quarter of 2011.

The two medical waste treatment centres of the Group in Siping City and Suihua City on the Mainland have been in smooth operation. The Siping Centre increased its charge to hospitals by over 25% following successful negotiations, and this will generate additional revenue to the Group.

Shuyang County is undergoing rapid development, and as a result, tons of industrial waste are generated regularly. The municipal solid waste being delivered to our plant still contains a substantial amount of industrial waste and medical waste. Our Group has been in continuous negotiation with the local government to carry out stringent monitoring and segregation to ensure the waste delivered to our plant is purely municipal solid waste. The full operation of the plant can only commence upon successfully resolving this issue with the local government. In the meantime, the Group is continuing its efforts to promote our organic fertilizers in Mainland China, Hong Kong and as far afield as North America.

The Group has consecutively for the seventh year been elected a 'Caring Company' by the Hong Kong Council of Social Service for caring for the community, employees and the environment, and has earned an "18 Districts Caring Employers 2010 Award" presented by the Labour and Welfare Bureau and associated charity organizations for our efforts in the employment of people with disabilities. The Group has also been appointed as Enterprise Ambassador by the Mental Health Association of Hong Kong for our promotion of care and concern in the community.

Financial Review

As at 31 March 2011, the Group's cash and cash equivalents and pledged time deposits totalled HK$101,319,000 (2010: HK$39,812,000) and its current ratio was 4.33 (2010: 3.04). The Group's net assets were HK$199,647,000 (2010: HK$178,439,000).

As at 31 March 2011, the Group did not have any bank borrowings but the Group had a finance lease payable and loans from a director of HK$200,000 and HK$4,800,000 as at 31 March 2011 respectively (2010: Nil) and therefore, its gearing ratio, representing ratio of a finance lease payable and loans from a directors to shareholders' equity, was 2.5% (2010: Nil). The Group's shareholders' equity amounted to HK$199,647,000 as at 31 March 2011 (2010: HK$178,439,000).

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

As at 31 March 2011, the Group's banking facilities were secured by the following:

(i) the pledge of certain of the Group's time deposits amounting to HK$14,029,000 (2010: HK$4,002,000); and

(ii) a corporate guarantee to the extent of HK$18 million (2010: HK$18 million) provided by the Company.

Convertible Notes

On 16 December 2008, the Company had issued zero-coupon convertible notes with a nominal value of HK$65 million to ITAD Biotechnology Limited, with a maturity date of 1 January 2012, as part of the total consideration for the acquisition of 70% equity interest Peixin Group Ltd.. Details of the conversion terms of the convertible notes are disclosed in the consolidated financial statements of the Company.

The convertible notes had already been adjusted downward last year by HK$65,000,000 due to the shortfall of targeted net profits. Accordingly, the equity component of the convertible notes of HK$65,000,000 had been transferred to the merger reserve. During the year ended 31 March 2011, no adjustment of convertible notes has been made due to the audited net loss of Shuyang ITAD Environmental Technology Limited for the year ended 31 December 2010.

Exercise of Warrants placed on 8 September 2010

On 8 September 2010, an aggregate of 151,000,000 unlisted warrants have been successfully placed by the Company to not less than six placees who are third parties independent of and not connected to the Company and its connected persons, at the issue price of HK$0.015 per warrant and the subscription price of HK$0.51 per warrant. The subscription period for the warrants is from the date of issue of the warrants to the expiry, which is 18 months from the issue of the warrants.

Upon the exercise in full of the subscription rights attached to the warrants, a maximum of 151,000,000 shares of the Company will be issued and allotted.

On 23 November 2010, a total of 50,000,000 shares of HK$0.01 each were issued for cash at a subscription price of HK$0.51 per share as a result of the exercise of the Company's warrants made by certain warrantholders for a total cash consideration, before related expenses, of HK$25,500,000.

On 25 November 2010, a total of 35,000,000 shares of HK$0.01 each were issued for cash at a subscription price of HK$0.51 per share as a result of the exercise of the Company's warrants made by certain warrantholders for a total cash consideration, before related expenses, of HK$17,850,000.

On 30 November 2010, a total of 1,000,000 shares of HK$0.01 each were issued for cash at a subscription price of HK$0.51 per share as a result of the exercise of the Company's warrants made by certain warrantholders for a total cash consideration, before related expenses, of HK$510,000.

On 3 December 2010, a total of 4,000,000 shares of HK$0.01 each were issued for cash at a subscription price of HK$0.51 per share as a result of the exercise of the Company's warrants made by certain warrantholders for a total cash consideration, before related expenses, of HK$2,040,000.

On 10 December 2010, a total of 19,000,000 shares of HK$0.01 each were issued for cash at a subscription price of HK$0.51 per share as a result of the exercise of the Company's warrants made by certain warrantholders for a total cash consideration, before related expenses, of HK$9,690,000.

As at 31 March 2011, an aggregate of 42,000,000 unlisted warrants remained unexercised.

Placing of New Shares and Warrants

On 18 March 2011, an aggregate of 30,600,000 new shares have been successfully placed by the Company to not less than six placees who are third parties independent of and not connected to the Company and its connected persons, at the placing price of HK$0.70 per share.

On 18 March 2011, an aggregate of 30,600,000 unlisted warrants have been successfully placed by the Company to not less than six placees who are third parties independent of and not connected to the Company and its connected persons, at the issue price of HK$0.01 per warrant and the subscription price of HK$0.70 per warrant. The subscription period for the warrants is from the date of issue of the warrants to the expiry, which is 18 months from the issue of the warrants.

Upon the exercise in full of the subscription rights attached to the warrants, a maximum of 30,600,000 shares of the Company will be issued and allotted. As at 31 March 2011, no warrantholders have exercised the subscription rights attached to the warrants.

The aggregate net proceeds from the placing of the 30,600,000 new shares and the 30,600,000 unlisted warrants at an issue price of HK$0.01 per warrant were HK$19,800,000. As at 27 June 2011, no warrantholders have exercised the subscription rights attached to the warrants.

On 3 May 2011, an aggregate of 45,900,000 new shares have been successfully placed by the Company to not less than six placees who are third parties independent of and not connected to the Company and its connected persons, at the placing price of HK$0.70 per share.

On 3 May 2011, an aggregate of 45,900,000 unlisted warrants have been successfully placed by the Company to not less than six placees who are third parties independent of and not connected to the Company and its connected persons, at the issue price of HK$0.01 per warrant and the subscription price of HK$0.70 per warrant. The subscription period for the warrants is from the date of issue of the warrants to the expiry, which is 18 months from the issue of the warrants.

Upon the exercise in full of the subscription rights attached to the warrants, a maximum of 45,900,000 shares of the Company will be issued and allotted. As at 31 March 2011, no warrantholders have exercised the subscription rights attached to the warrants.

The aggregate net proceeds from the placing of the 45,900,000 new shares and the 45,900,000 unlisted warrants at an issue price of HK$0.01 per warrant were HK$30,100,000. As at 27 June 2011, no warrantholders have exercised the subscription rights attached to the warrants.

Contingent Liabilities

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

(a) The Group has executed performance guarantees to the extent of an aggregate amount of HK$1,157,000 (2010: HK$1,468,000) 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$1,016,000 as at 31 March 2011 (2010: HK$1,532,000). 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$592,000 (2010: HK$865,000) in respect of such payments has been made in the consolidated statement of financial position as at 31 March 2011.

(c) During the ordinary course of its business, the Group may from time to time be involved in litigation concerning personal injuries sustained by its employees or third party claimants. The Group maintains insurance cover and, in the opinion of the directors, based on current evidence, any such existing claims should be adequately covered by the insurance as at 31 March 2010 and 2011.

Employees and Remuneration Policies

The total number of employees of the Group as at 31 March 2011 was 1,622 (2010: 1,541). Total staff costs, including directors' emoluments and net pension contributions, for the year under review amounted to HK$151,090,000 (2010: HK$159,202,000). 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. In addition, all employees of the Group, including directors, are eligible to participate in the Company's share option scheme.

Prospects

The Cooperation Agreement signed between the Company and Xinhua News Agency Asia-Pacific Regional Bureau Limited ("APRB") for the development of Television Screen Broadcast Business was concluded on 24 May 2011. The name of the Company has since been changed to Xinhua News Media Holdings Limited. Hence, the Company operates on a dual business model. APRB enjoys competitive advantage over other media/advertising industry players, in terms of cost and quality of media content, and an extensive business network particularly with enterprises operating in Mainland China. The Group strongly believes that such competitive advantage, together with the growing popularity of 'out-of-home' advertising as an advertising medium for marketing, will ensure that the new Television Screen Broadcast Business will be positive for earnings, and lead to diversification of the Group's business scope and revenue base.

As a result of the implementation of the statutory minimum wage in May 2011 and controversies relating to whether wage payments should include meal breaks and rest days, which have attracted heated debate in the community, some cleaning contracts are being offered for re-tendering on revised terms and conditions. With our competitive strength in the field, we are confident that we can capture this opportunity to secure more contracts; in particular for middle-to-high-end properties.

Additional new stonecare and maintenance products, specially formulated and manufactured by our Italian business partner for the Asian market, have been introduced and are receiving good response. The Group is optimistic that the market for the sale of these products will expand.

Our strategic direction for the next few years will be to capitalize on the competitive strengths of our dual business model and the burgeoning opportunities ahead.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 12 August 2011 to Tuesday, 16 August 2011 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to be eligible for attending and voting at the annual general meeting of the Company to be held on Tuesday, 16 August 2011, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 11 August 2011.

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

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

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance with a view to enhancing the management of the Company as well as preserving the interests of the shareholders as a whole. The Board is of the view that the Company has met the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the year under review, save for the deviation during the period from 1 April 2010 to 16 May 2011 from the code provision A.2.1 which requires that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

During the aforesaid period, Dr. Lo Kou Hong was both the Chairman of the Board and Chief Executive Officer of the Company. He is the founder of the Group and has extensive experience in the cleaning and related services. The Board was of the view that Dr. Lo's taking up of both roles during the period provided the Group with strong and consistent leadership and allowed for more effective and efficient business planning and decisions as well as execution of long-term business strategies.

The situation has changed with the addition of the Television Screen Broadcast Business in Company business, as a result of the Cooperation Agreement between the Company and APRB and the consequent change of name of the Company to Xinhua News Media Holdings Limited (details of which were disclosed in the Company's announcement and circular dated 29 November 2010 and 11 March 2011 respectively). Roles and titles of senior management have been re-designated, as follows:

(i) Mr. Cheung Ming has been appointed as Executive Director and Chief Executive Officer of the Company since 17 May 2011; and

(ii) Mr. Ju Mengjun and Dr. Lo Kou Hong have been re-designated as Co-chairman of the Board since 13 June 2011.

Accordingly, the Company has duly complied with the said code provision A.2.1 of the CG Code since 17 May 2011. The Board considers that the separation of roles in the aforesaid re-designation of titles is appropriate to our current dual business focus, as it enables Mr. Cheung Ming as Chief Executive Officer and Dr. Lo as Co-chairman of the Board, in conjunction with Mr. Ju as Co-chairman contributing his experience in the new business, to each focus on the relevant business, thus strengthening development of the Company as a whole.

Detailed disclosure of the Company's corporate governance practices will be set out in the Corporate Governance Report contained in the Company's annual report for the year ended 31 March 2011.

AUDIT COMMITTEE

The Audit Committee of the Company comprises 3 members, namely, Mr Cheng Kai Tai, Allen (Chairman of Audit Committee), Mr Chiu Wai Piu and Mr Wang Qi, who are independent non-executive directors of the Company. The Audit Committee has reviewed with senior management of the Group and external auditors the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting processes including the review of the Company's consolidated financial statements for the year ended 31 March 2011.

DIRECTORS

As at the date of this announcement, the Board comprises eight executive directors, namely Mr. Ju Mengjun, Dr. Lo Kou Hong, Mr. Xu Zugen, Mr. Mao Hongcheng, Mr. Cheung Ming, Ms. Ko Lok Ping, Maria Genoveffa, Mr. Leung Tai Tsan, Charles and Mr. Cheung Pui Keung, James; one non-executive director, namely Mr. Xu Rong; and three independent non-executive directors, namely Mr. Cheng Kai Tai, Allen, Mr. Chiu Wai Piu and Mr. Wang Qi.

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

Hong Kong, 28 June 2011