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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 309)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2012

The board of directors (the "Board") of Xinhua News Media Holdings Limited (the "Company") announces the consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2012, together with the comparative figures for the year ended 31 March 2011, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2012

	Notes	**2012**	2011
		HK$'000	*HK$'000*
CONTINUING OPERATIONS			
REVENUE	4	**193,471**	176,989
Other income and gains	4	**1,154**	1,779
Staff costs		**(164,478)**	(148,952)
Depreciation and amortisation		**(16,305)**	(4,057)
Impairment of intangible assets	10	**-**	(12,681)
Other operating expenses		**(48,230)**	(44,336)
Finance costs	6	**(79)**	(20)
Share of profit of an associate		**133**	141
LOSS BEFORE TAX FROM CONTINUING OPERATIONS	5	**(34,334)**	(31,137)
Income tax expense	7	**-**	-
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		**(34,334)**	(31,137)

	Notes	**2012**	2011
		HK$'000	*HK$'000*
DISCONTINUED OPERATION			
Loss for the year from a discontinued operation	8	**(79,535)**	(32,268)
LOSS FOR THE YEAR		**(113,869)**	(63,405)
OTHER COMPREHENSIVE INCOME			
Exchange differences on translation of foreign operations and other comprehensive income for the year, net of tax		**3,179**	5,212
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(110,690)**	(58,193)
Loss attributable to:			
Owners of the parent	9	**(90,040)**	(51,809)
Non-controlling interests		**(23,829)**	(11,596)
		(113,869)	(63,405)
Total comprehensive loss attributable to:			
Owners of the parent		**(88,016)**	(48,313)
Non-controlling interests		**(22,674)**	(9,880)
		(110,690)	(58,193)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
- For loss for the year		**(7.96) HK cents**	(6.43) HK cents
- For loss from continuing operations		**(3.04) HK cents**	(3.25) HK cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2012

	Notes	**2012**	2011
		HK$'000	*HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**10,009**	94,323
Goodwill		**-**	-
Intangible assets	10	**152,837**	14,217
Investment in an associate		**278**	145
Deposits paid for acquisition of plant and equipment		**-**	4,409
Total non-current assets		**163,124**	113,094
CURRENT ASSETS			
Inventories		**93**	111
Due from an associate		**1,375**	1,320
Trade receivables	11	**29,838**	23,869
Prepayments, deposits and other receivables	11	**10,284**	2,418
Pledged time deposits		**4,001**	14,029
Cash and cash equivalents		**75,563**	87,290
		121,154	129,037
Assets of a group classified as discontinued operation		**35,052**	-
Total current assets		**156,206**	129,037
CURRENT LIABILITIES			
Trade payables	12	**2,240**	2,216
Other payables and accrued liabilities		**23,455**	27,253
Finance lease payable		**48**	43
Tax payable		**-**	283
		25,743	29,795
Liabilities directly associated with the assets classified as discontinued operation		**13,969**	-
Total current liabilities		**39,712**	29,795

	2012	2011
	HK$'000	*HK$'000*
NET CURRENT ASSETS	**116,494**	99,242
TOTAL ASSETS LESS CURRENT LIABILITIES	**279,618**	212,336
NON-CURRENT LIABILITIES		
Loans from a director	**-**	4,800
Finance lease payable	**109**	157
Provision for long service payments	**1,531**	592
Deferred income	**6,841**	7,140
Total non-current liabilities	**8,481**	12,689
Net assets	**271,137**	199,647
EQUITY		
Equity attributable to owners of the parent		
Issued capital	**11,669**	9,063
Reserves	**263,100**	171,542
	274,769	180,605
Non-controlling interests	**(3,632)**	19,042
Total equity	**271,137**	199,647

NOTES TO FINANCIAL STATEMENTS

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

The consolidated financial statements include the financial statements of the Group for the year ended 31 March 2012. 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.

Total comprehensive income within a subsidiary is 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.

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 Amendment	Amendment to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters*
HKAS 24 (Revised)	*Related Party Disclosures*
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement*
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments*
Improvements to HKFRSs 2010	Amendments to a number of HKFRSs issued in May 2010

Other than as further explained below regarding the impact of HKAS 24 (Revised), and amendments to HKFRS 3, HKAS 1 and HKAS 27 included in *Improvements to HKFRSs 2010*, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting these HKFRSs are as follows:

(a) HKAS 24 (Revised) *Related Party Disclosures*

HKAS 24 (Revised) clarifies and simplifies the definitions of related parties. The new definitions emphasise a symmetrical view of related party relationships and clarify the circumstances in which persons and key management personnel affect related party relationships of an entity. The revised standard also introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The accounting policy for related parties has been revised to reflect the changes in the definitions of related parties under the revised standard. The adoption of the revised standard did not have any impact on the financial position or performance of the Group.

(b) *Improvements to HKFRSs 2010* issued in May 2010 sets out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments has had a significant financial impact on the financial position or performance of the Group. Details of the key amendments most applicable to the Group are as follows:

- HKFRS 3 *Business Combinations*: The amendment clarifies that the amendments to HKFRS 7, HKAS 32 and HKAS 39 that eliminate the exemption for contingent consideration do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of HKFRS 3 (as revised in 2008).

  In addition, the amendment limits the scope of measurement choices for non-controlling interests. Only the components of non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured at either fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another HKFRS.

  The amendment also added explicit guidance to clarify the accounting treatment for non-replaced and voluntarily replaced share-based payment awards.

- HKAS 1 *Presentation of Financial Statements*: The amendment clarifies that an analysis of each component of other comprehensive income can be presented either in the statement of changes in equity or in the notes to the financial statements. The Group elects to present the analysis of each component of other comprehensive income in the statement of changes in equity.

- HKAS 27 *Consolidated and Separate Financial Statements*: The amendment clarifies that the consequential amendments from HKAS 27 (as revised in 2008) made to HKAS 21, HKAS 28 and HKAS 31 shall be applied prospectively for annual periods beginning on or after 1 July 2009 or earlier if HKAS 27 is applied earlier.

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 television screen broadcast business segment engages in the provision of services of publicly broadcast information and advertisements on television screen.

The waste treatment business was terminated during the year as detailed in note 8 to the announcement.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment loss, 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, finance costs, impairment losses from the Group's financial instruments are excluded from such measurement.

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

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

There are no intersegment sales and transfers between the segments.

	Continuing operations								**Discontinued operation**			
	Cleaning and related services		**Television screen broadcast business**		**Medical waste treatment**		**Total**		**Waste treatment**		**Total**	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK'000***	*HK'000*	***HK$'000***	*HK$'000*
Segment revenue:												
Service income from external customers	**187,356**	166,615	**64**	-	**6,051**	10,374	**193,471**	176,989	**123**	325	**193,594**	177,314
Other income and gains	**280**	267	**103**	-	**623**	176	**1,006**	443	**10**	297	**1,016**	740
Total	**187,636**	166,882	**167**	-	**6,674**	10,550	**194,477**	177,432	**133**	622	**194,610**	178,054
Segment results	**(1,498)**	(2,386)	**(21,742)**	-	**30**	(2,048)	**(23,210)**	(4,434)	**(13,643)**	(20,724)	**(36,853)**	(25,158)
Reconciliation:												
Interest income											**174**	98
Unallocated gains											**133**	1,401
Unallocated expenses											**(11,326)**	(15,479)
Impairment losses recognised in profit or loss in respect of:												
Intangible assets*											**-**	(12,681)
Property, plant and equipment**											**(65,918)**	(11,264)
Finance costs											**(79)**	(39)
Loss before tax											**(113,869)**	(63,122)

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

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

	Continuing operations								Discontinued operation			
	Cleaning and related services		**Television screen broadcast business**		**Medical waste treatment**		**Total**		**Waste treatment**		**Total**	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**44,675**	114,718	**220,107**	-	**17,843**	18,854	**282,625**	133,572	**35,052**	107,094	**317,677**	240,666
Reconciliation:												
Investment in an associate											**278**	145
Due from an associate											**1,375**	1,320
Assets related to a discontinued operation											**(35,052)**	-
Total assets											**284,278**	242,131
Segment liabilities	**22,679**	23,934	**3,707**	-	**7,681**	7,778	**34,067**	31,712	**4,618**	5,772	**38,685**	37,484
Reconciliation:												
Finance lease payable											**157**	200
Loans from a director											**9,351**	4,800
Liabilities related to a discontinued operation											**(13,969)**	-
Total liabilities											**34,224**	42,484
Other segment information:												
Capital expenditure	**668**	1,184	**159,002**	-	**1,182**	7,313	**160,852**	8,497	**5,225**	2,737	**166,077**	11,234
Depreciation and amortisation	**595**	613	**13,379**	-	**2,331**	2,091	**16,305**	2,704	**9,025**	8,729	**25,330**	11,433
Impairment losses recognised in profit or loss in respect of:												
Intangible assets	**-**	-	**-**	-	**-**	12,681	**-**	12,681	**-**	-	**-**	12,681
Property, plant and equipment	**-**	-	**-**	-	**-**	-	**-**	-	**65,918**	11,264	**65,918**	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	**133**	141	**-**	-	**-**	-	**133**	141	**-**	-	**133**	141
Impairment losses reversed in profit or loss in respect of:												
Investment in an associate	**-**	4	**-**	-	**-**	-	**-**	4	**-**	-	**-**	4
Due from an associate	**-**	5	**-**	-	**-**	-	**-**	5	**-**	-	**-**	5

Geographical information

(a) Revenue from external customers

	2012 *HK$'000*	2011 *HK$'000*
Hong Kong	**187,420**	166,615
Mainland China	**6,051**	10,374
	193,471	176,989

(b) Non-current assets

	2012 *HK$'000*	2011 *HK$'000*
Hong Kong	**147,695**	1,881
Mainland China	**15,429**	111,213
	163,124	113,094

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

Information about a major customer

Revenue from continuing operations of approximately HK$63,082,000 (2011: HK$62,293,000) 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 from continuing operations is as follows:

	2012	2011
	HK$'000	*HK$'000*
Revenue		
Cleaning and related service fee income	**187,356**	166,615
Television screen broadcast business income	**64**	-
Medical waste treatment income	**6,051**	4,046
Construction revenue	**-**	6,328
	193,471	176,989
Other income and gains		
Bank interest income	**148**	75
Amortisation of deferred income*	**464**	176
Management fee received	**160**	160
Reversal of impairment of an amount due from an associate	**-**	5
Reversal of impairment of an investment in an associate	**-**	4
Gain on termination of a contract	**-**	1,251
Sundry income	**382**	108
	1,154	1,779

* 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):

	Notes	**2012**	2011
		HK$'000	*HK$'000*
Cost of services rendered/inventories sold*			
Continuing operations		**170,610**	151,934
Discontinued operation		**481**	7,432
Auditors' remuneration #		**1,430**	1,100
Minimum lease payments under operating leases in respect of land and buildings ##		**4,477**	981
Depreciation			
Continuing operations		**1,800**	2,309
Discontinued operation		**9,025**	7,376
Amortisation of intangible assets ##	10	**14,505**	1,748
Employee benefit expenses (including directors' remuneration):			
Continuing operations			
Wages, salaries and other benefits		**155,429**	140,702
Equity-settled share option expenses		**443**	1,212
Retirement benefit scheme contributions		**6,580**	6,465
Forfeited contributions		**(26)**	(26)
Net retirement benefit scheme contributions		**6,554**	6,439
Provision for long service payments, net		**1,413**	131
Provision for untaken paid leave		**639**	468
Total employee benefit expenses from continuing operations		**164,478**	148,952

	Notes	2012 HK$'000	2011 HK$'000
Discontinued operation			
Wages, salaries and other benefits		**1,297**	1,592
Retirement benefit scheme contributions		**209**	546
Total employee benefit expenses from a discontinued operation		**1,506**	2,138
Loss on property, plant and equipment written off ##		**1**	-
Loss on disposal of items of property, plant and equipment ##		**10**	315
Construction cost**		**-**	6,328
Provision for slow-moving inventories*		**-**	3,518
Write-off of inventories*		**-**	1,549
Impairment of trade receivables**	11	**32**	113

* The cost of services rendered included an employee benefit expense of HK$147,608,000 (2011: HK$134,517,000) incurred in the provision of services for continuing operations which has been included in the employee benefit expenses above.

The cost of inventories sold for the year ended 31 March 2012 included an amount of depreciation of HK$161,000 (2011: HK$1,324,000). The cost of inventories sold for the year ended 31 March 2011 also included provision for slow-moving inventories of HK$3,518,000 and write-off of inventories of HK$1,549,000. Such amount from a discontinued operation has also been included in the respective expense items disclosed above.

** The construction cost and impairment of trade receivables are both from a discontinued operation and are included in "Loss for the year from a discontinued operation" in the consolidated statement of comprehensive income.

\# The expense is from the continuing operations and a discontinued operation.

\## The expenses are from the continuing operations only.

6. FINANCE COSTS

	2012 HK$'000	2011 HK$'000
Interest on a bank overdraft	**62**	-
Interest on loans from a director	**-**	19
Interest on a finance lease	**17**	20
	79	39
Attributable to:		
Continuing operations	**79**	20
Discontinued operation (note 8)	**-**	19
	79	39

7. INCOME TAX

	2012	2011
	HK$'000	*HK$'000*
Tax charge from continuing operations for the year	**-**	-
Tax charge from a discontinued operation for the year (note 8)	**-**	283
	-	283

Pursuant to the PRC Corporate Income Tax Law, 10% withholding tax rate is levied on the Group's non-PRC resident entity in respect of the interest income received from a 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 (2011: 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 (2011: Nil).

8. DISCONTINUED OPERATION

On 11 January 2012, the Company announced that the Group had entered into Agreement with the Shuyang Municipal Government to terminate the investment agreement relating to the waste treatment business, namely, the operation of Shuyang ITAD Environmental Technology Limited ("Shuyang ITAD") municipal waste treatment plant located in Shuyang County, Jiangsu Province, the People's Republic of China on 9 January 2012. As at 31 March 2012, the waste treatment business was classified as a discontinued operation.

The results of the waste treatment business for the year are presented below:

	2012	2011
	HK$'000	*HK$'000*
Revenue	**123**	325
Cost of sales of fertilisers	**(481)**	(7,432)
Other income and gains	**36**	319
Impairment of property, plant and equipment	**(65,918)**	(11,264)
Expenses	**(13,295)**	(13,914)
Finance costs (note 6)	**-**	(19)
Loss before tax from the discontinued operation	**(79,535)**	(31,985)
Income tax (note 7)	**-**	(283)
Loss for the year from the discontinued operation	**(79,535)**	(32,268)

The major classes of assets and liabilities of the waste treatment business classified as discontinued operation as at 31 March are as follows:

	2012	2011
	HK$'000	*HK$'000*
Assets		
Property, plant and equipment	**23,251**	-
Trade receivables	**61**	-
Prepayments, deposits and other receivables	**1,232**	-
Cash and cash equivalents	**10,508**	-
Assets classified as discontinued operation	**35,052**	-
Liabilities		
Trade payables	**(52)**	-
Other payables and accruals	**(4,283)**	-
Tax payable	**(283)**	-
Loans from a director	**(9,351)**	-
Liabilities directly associated with the assets classified as discontinued operation	**(13,969)**	-
Net assets directly associated with the discontinued operation	**21,083**	-

The net cash flows incurred by waste treatment business are as follows:

	2012	2011
	HK$'000	*HK$'000*
Operating activities	**(3,968)**	205
Investing activities	**(838)**	(16,311)
Financing activities	**4,552**	4,800
Net cash outflow	**(254)**	(11,306)
Loss per share:		
Basic, from the discontinued operation	**(4.92) HK cents**	(3.17) HK cents

The calculations of the basic loss per share from the discontinued operation are based on:

	2012	2011
Loss attributable to ordinary equity holders of the parent from the discontinued operation	**HK$55,677,000**	HK$25,584,000
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation (note 9)	**1,131,086,264**	806,138,274

9. 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 1,131,086,264 (2011: 806,138,274) in issue during the year.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 March 2012 and 2011 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 calculations of the basic loss per share are based on:

	2012	2011
	HK$'000	*HK$'000*
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation:		
From continuing operations	**(34,363)**	(26,225)
From a discontinued operation	**(55,677)**	(25,584)

	Number of shares	
	2012	2011
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	**1,131,086,264**	806,138,274

10. INTANGIBLE ASSETS

	HK$'000
Cost at 1 April 2011, net of accumulated amortisation and impairment	14,217
Additions	152,464
Amortisation during the year (note 5)	(14,505)
Exchange realignment	661
At 31 March 2012	152,837
At 31 March 2012:	
Cost	185,281
Accumulated amortisation and impairment	(32,444)
Net carrying amount	152,837

	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

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 was charged to profit or loss.

11. TRADE RECEIVABLES AND PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2012	2011
	HK$'000	*HK$'000*
Trade receivables	**29,838**	24,304
Impairment	**-**	(435)
	29,838	23,869

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

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:

	2012	2011
	HK$'000	*HK$'000*
Within 30 days	**15,507**	13,700
31 to 60 days	**9,038**	5,992
61 to 90 days	**4,393**	3,798
91 to 120 days	**359**	133
Over 120 days	**541**	246
	29,838	23,869

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

	2012	2011
	HK$'000	HK$'000
At beginning of the year	**435**	320
Impairment losses recognised (note 5)	**32**	113
Included in a discontinued operation	**(467)**	-
Exchange realignment	**-**	2
At end of the year	**-**	435

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

	2012	2011
	HK$'000	*HK$'000*
Neither past due nor impaired	**15,507**	13,700
Less than 1 month past due	**9,038**	5,992
1 to 3 months past due	**4,752**	3,931
Over 3 months past due	**541**	246
	29,838	23,869

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.

12. 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:

	2012	2011
	HK$'000	*HK$'000*
Within 30 days	**2,155**	2,014
31 to 60 days	**-**	11
61 to 90 days	**85**	191
	2,240	2,216

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

13. COMMITMENTS

	2012	2011
	HK$'000	*HK$'000*
Contracted, but not provided for:		
Property, plant and equipment	**2,997**	2,799
Free right	**-**	100,000
	2,997	102,799

DIVIDEND

The Board does not recommend the payment of any dividend in respect of the year ended 31 March 2012 (2011: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Results

The Group's turnover from continuing operations for the year ended 31 March 2012 amounted to HK$193,471,000 (2011: HK$176,989,000), represented 9.3% increase as compared to the previous year. The loss of the Group for the year from continuing operations was HK$34,334,000 (2011: HK$31,137,000). Cleaning and related services business made a loss of HK$1,498,000, the medical waste treatment business made a profit of HK$30,000 and the television screen broadcast business made a loss of HK$21,742,000 which included an amortisation of HK$12,607,000 for the intangible asset related to the granting of the Free Right by Xinhua News Agency Asia-Pacific Regional Bureau Limited ("APRB") for the television screen broadcast business under the Cooperation Agreement entered into by APRB and the Company on 22 November 2010 (the "Cooperation Agreement").

The discontinuation of the operation of the municipal waste treatment plant located in Shuyang County, Jiangsu Province, PRC led to an impairment loss of HK$65,918,000 following the termination of the investment agreement with the Shuyang Municipal Government on 9 January 2012 as described in more details in the announcements published on 5 January 2012 and 11 January 2012. Total loss from the discontinued operation was HK$79,535,000.

Business Review

Cleaning and related services, in particular for middle to high class residential estates, office buildings, retail and composite developments, were regarded as the principal business of the Group in the financial year under review. The Group was successful in obtaining a service contract providing general cleaning, pest management, curtain wall cleaning as well as stone finishing maintenance for a commercial development and a food court building including the linking foot-bridge of the two in Wanchai; and cleaning contracts for a brand new commercial building standing in the heart of Central as well as a flagship store of a US-based international fashion and clothing retailer along Queen's Road Central. The Group is also negotiating for the contract with their second yet-to-be-opened store located in the heart of Mongkok.

We were also able to renew several main service contracts in hand ranging from one to three years for seven commercial buildings in Central and Admiralty and two in Kowloon, as well as several residential estates, including one of the biggest estates in Tseung Kwan O with reasonable adjustments of the service charges to cope with the accelerating labour costs.

The series of the stone care and maintenance products from our Italian business partner, some of which were particularly formulated and manufactured to suit the local market, continued to be welcome and recognised by sectors of the industry.

For the medical treatment business, the two medical waste treatment plants of the Group in Siping City and Suihua City on the Mainland continued to be operating smoothly.

Following the entering into of the termination agreement dated 9 January 2012 with the Shuyang Municipal Government as disclosed in the announcement on 11 Januray 2012, the Group has been in and is continuing negotiations with an independent state-owned enterprise regarding the utilisation of the Municipal Waste Treatment Plant facilities in Shuyang. The Group expects that an agreement could be reached at the end of 2012.

We have diversified our business scope by developing the television screen broadcast business. With the completion of the Cooperation Agreement on 24 May 2011, the Company started to operate on a dual business model.

May to September of 2011 had been the initial developing stage of the television screen broadcast business. During this period, the Group had concentrated on setting up an efficient production and marketing team for the television screen broadcast business; preparing and completing technical specifications of the broadcast systems and channels; selecting and installing equipment and obtaining licences and permits required for the broadcast operations.

As announced on 3 August 2011, the Group obtained its first media content and advertisement services contract with the Mass Transit Railway Corporation Limited ("MTR") for providing media content and advertisement on through trains operated by the MTR running between Guangzhou East and Hong Kong and at the departure hall of the MTR Hung Hom Station. Programmes were launched on the Ktt trains in September 2011 but the Group was only able to complete the installation of television screens in the departure hall of the Hung Hom Station and satisfactory on-site testing at the beginning of March 2012.

The Group has commenced a full marketing campaign for the television screen broadcast business in the first quarter of 2012. Taking leverage from APRB's extensive business network, the Group has gained access to some of the prominent Chinese enterprises in Hong Kong which may become potential clients. The production team has also spent a lot of efforts in doing continuing research on understanding market trends and adjusting programmes to suit consumer tastes and preferences.

According to the Cooperation Agreement, APRB has undertaken that the audited operating revenue from the television screen broadcast business for the period ended 31 December 2011 would not be less than HK$30,000,000. The Company has started discussions with APRB on remedy and will make an announcement when an agreement has been made.

Financial Review

As at 31 March 2012, the Group's cash and cash equivalents and pledged time deposits totalled HK$79,564,000 (2011: HK$101,319,000) and its current ratio (excludes the discontinued operation) was 4.71 (2011: 4.33). The Group's net assets were HK$271,137,000 (2011: HK$199,647,000).

As at 31 March 2012, the Group did not have any bank borrowings but the Group had a finance lease payable and loans from a director of HK$157,000 and HK$9,351,000 as at 31 March 2012 respectively (2011: HK$200,000 and HK$4,800,000); loans from a director is included in discontinued operation and therefore, its gearing ratio, representing ratio of a finance lease payable and loans from a director to shareholders' equity was 3.5% (2011: 2.5%). The Group's shareholders' equity amounted to HK$271,137,000 as at 31 March 2012 (2011: HK$199,647,000).

The Group takes a prudent approach to cash management and risk control. Its revenues, expenses and capital expenditures in relation to cleaning related business and television screen broadcast business are transacted in Hong Kong dollars ("HK$"), 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, which is in RMB, can offset future liabilities and expenses.

As at 31 March 2012, the Group's banking facilities were secured by the following:

(i) the pledge of certain of the Group's time deposits amounting to HK$4,001,000 (2011: HK$14,029,000); and

(ii) a corporate guarantee to the extent of HK$18,000,000 (2011: HK$18,000,000) provided by the Company.

Convertible Notes

On 16 December 2008, the Company 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 in Peixin Group Ltd..

The convertible notes had already been adjusted downward in 2010 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 was 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 for the year ended 31 December 2010.

On 1 January 2012, the convertible notes matured and the outstanding principal of the convertible notes that has not been converted into shares was redeemed in its entirety by the Company at a redemption price of HK$1.

Warrants

i) 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.

In the year ended 31 March 2011, 109,000,000 shares of HK$0.01 each were issued for cash at a subscription price of HK$0.51 per share pursuant to the exercise of the Company's warrants for a total cash consideration, before related expenses, of HK$55,590,000.

During the year, no further warrant had been exercised and the remaining of 42,000,000 unlisted warrants at the issue price of HK$0.015 each expired. The related warrant reserve of HK$630,000 was transferred to accumulated losses.

ii) Warrants placed on 18 March 2011

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 2012, no warrantholders have exercised the subscription rights attached to the warrants.

iii) Placing of New Shares and 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.

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$30,451,000.

As at 31 March 2012, no warrantholders have exercised the subscription rights attached to the warrants.

Contingent Liabilities

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

(a) The Group has executed performance guarantees to the extent of an aggregate amount of HK$1,157,000 (2011: HK$1,157,000) 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$2,912,000 as at 31 March 2012 (2011: HK$1,016,000). 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$1,531,000 (2011: HK$592,000) in respect of such payments has been made in the consolidated statement of financial position as at 31 March 2012.

(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 2011 and 2012.

Employees and Remuneration Policies

The total number of employees of the Group as at 31 March 2012 was 1,579 (2011: 1,622). Total staff costs, including directors' emoluments and net pension contributions, for the year under review amounted to HK$165,984,000 (2011: HK$151,090,000). 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 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 Chinese conglomerates and state-owned enterprises in China. The Group 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.

In 2012, the Group has formulated defined developmental direction and objectives for its television screen broadcast business. Following a half-year penetration pricing, the Group has established the framework for its sales network and identified targeted sales partners. It is expected that in the second half of 2012, the Group would improve its sales strategies by raising the pricing for securing income and focus on broadcasting in large shopping malls.

We are currently negotiating with the owners of several large shopping malls for commencing broadcast in those shopping malls for direct contact with consumers, which would enhance the advertising power. The contents of programs will be localised to include more local programs, which shows significant improvement in contents diversification and local procedures.

The Group has entered into a broadcast agreement with the Airport Authority Hong Kong in March 2012 for the broadcast of the programmes produced by the Group at the airport, starting in 2012. The commencement of broadcast will significantly increase the Group's influence and recognition over the market and media, promoting other advertising-related business, so as to promote stable income growth.

The Group is now negotiating with some social enterprises for cooperation in the provision of matching forum for advertising media, which would be used by social enterprises for marketing and development. While operating its business, the Group would also be able to contribute to the community and support a worthy cause as a responsible member of the Hong Kong society.

The statutory minimum wage rate is to be revised once bi-yearly and the next revision will take place in May 2013. Among others, whether the meal break and rest day should be paid remain a hot debate by many different sectors of the community. The Group foresees that we would still have a strained labour market in the coming year, but with our close and established connection and co-operation with the labour and charity associations, we are confident that we would be able to maintain a stable labour force to fulfill our contractual obligations of the appointments and to enable the Group to expand its market share through strong competitiveness. The success of the sale of the stone care and maintenance products is an encouragement and the Group plans to work harder with our Italian partner to constantly up-grade their products and to introduce new ones from time to time to tally with the requirements of the market.

In order to formulate the strategic and development direction of the Group, the Board approved the formation of the Strategy and Development Committee in March 2012. The duties of the Strategy and Development Committee include, among other things, (i) to research, gather information and keep abreast of market trends and identify investment opportunities, and (ii) to evaluate and make recommendations on proposed investment acquisitions.

In this regard and leveraging on the network and resources of APRB, the Strategy and Development Committee has been continuously evaluating possible investment opportunities with a view to broadening the Group's revenue source, enhancing the performance of the Group, creating value for shareholders and increasing shareholders' return. The Group will consider the possible acquisition of new business in a prudent manner when appropriate and promising opportunity arises based on criteria such as (i) having profit generating track records and future growth prospects, (ii) being in an industry supported by the PRC government, (iii) having a size of operation that is suitable for the Group from an acquisition point of view, and (iv) having the potential to create synergy with the existing business of the Group.

The Directors have recently identified and is reviewing a potential acquisition target and some preliminary discussions have taken place but no terms and conditions have been agreed and such acquisition may or may not materialise. The Group has not entered into any agreement, arrangement, understanding or undertaking, whether formal or informal and whether expressed or implied, about any acquisition of new business by the Group. If there is any progress with respect to such potential acquisition or any other possible acquisition in the future that necessitates an announcement to be made by the Group pursuant to the Listing Rules, the Group will make such announcement as and when appropriate.

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

During the year ended 31 March 2012, the Company had complied with the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in the former Appendix 14 of the Listing Rules for which were applicable to the said financial year, except for the following deviations:-

Code Provision A.1.3

There were two regular board meetings where notice of less than 14 days had been given. Although shorter notice had been given to facilitate expeditious decision making, it was ensured that reasonable notice was given to enable all directors to attend board meetings and to include matters for discussion in the agenda as they think fit.

Code Provision A.2.1

Code A.2.1 requires the roles of the Chairman and Chief Executive Officer should be separate and should not be performed by the same individual.

From 1 April 2011 to 16 May 2011, Dr. Lo Kou Hong was both the Chairman of the Board and the Chief Executive Officer of the Company. From 17 May 2011 to 20 October 2011, Mr. Cheung Ming was Executive Director and Chief Executive Officer. On 13 June 2011, Mr. Ju Mengjun and Dr. Lo Kou Hong had been re-designated as Co-chairman of the Board each contributing his experience and focusing on the television screen broadcast business and the cleaning and related business, respectively. The Board considers that each of Mr. Ju Mengjun and Dr. Lo Kou Hong holds the office of Chairman in relation to the television screen broadcast business and the cleaning and related business of which they monitor and manage effectively. Accordingly, the Board is of the opinion that such arrangement is appropriate to the Group's dual business model and in the best interests of the Company.

Further details of the Company's corporate governance practices are set out in the corporate governance report to be contained in the Company's 2012 annual report.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

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 Listing Rules. Specific enquiry has been made to all the directors and all of them have confirmed that they have complied with the Own Code and the Model Code throughout the year ended 31 March 2012.

CLOSURE OF REGISTER OF MEMBERS AND WARRANTHOLDERS

For determining the entitlement to attend and vote at the 2012 annual general meeting, the register of members of the Company will be closed from Monday, 17 September 2012 to Wednesday, 19 September 2012 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify to attend and vote at the annual general meeting, all share transfer documents accompanied by the relevant share certificates and, in the case of warrantholders, all duly completed subscription forms accompanied by the relevant warrant certificates and the appropriate subscription monies 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 4:30pm on Friday, 14 September 2012.

ANNUAL GENERAL MEETING

The 2012 annual general meeting of the shareholders of the Company will be held on Wednesday, 19 September 2012. A notice convening the meeting will be published and despatched to shareholders of the Company in accordance with the requirements of the Listing Rules in due course.

AUDIT COMMITTEE

The Audit Committee of the Company comprises 3 members, namely, Ms. Xu Zhijuan, (Chairman of Audit Committee), Mr. Tang Binfeng who are independent non-executive directors of the Company and Mr. Xu Rong, who is non-executive director of the Company. The Audit Committee has reviewed with senior management of the Group and the 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 2012.

PUBLICATION OF ANNUAL RESULTS AND DESPATCH OF ANNUAL REPORT

The annual results announcement is published on the websites of the Company (http://www.XHNmedia.com) and the Stock Exchange at (http://www.hkex.com.hk). The 2012 annual report containing all the information required by the Listing Rules will be despatched to the Company's shareholders and available on the above websites in due course.

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

Hong Kong, 28 June 2012

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. Chang Loong Cheong, Mr. Meng Jin, Mr. Shi Gouxiong and Mr. Zhou Guanghe; one non-executive director, namely Mr. Xu Rong; and three independent non-executive directors, namely Ms. Xu Zhijuan, Mr. Tang Binfeng and Mr. Wang Qi.