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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 309)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

RESULTS

The Board of Directors (the "Board") of Xinhua News Media Holdings Limited (the "Company") announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 September 2013. These condensed consolidated interim financial statements have not been audited, but have been reviewed by the Company's audit committee.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

		For the six months ended 30 September	
		2013	2012
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
CONTINUING OPERATIONS			
REVENUE		**106,540**	97,165
Other income and gains	*4*	**892**	723
Staff costs		**(86,280)**	(79,218)
Depreciation and amortisation	*6*	**(9,091)**	(10,544)
Fair value change on derivative financial asset		**4,932**	–
Other operating expenses		**(26,606)**	(25,797)
Impairment of goodwill		**(9,960)**	–
Finance costs	*5*	**(5)**	(23)
Share of profit of an associate		**17**	87
LOSS BEFORE TAX FROM CONTINUING OPERATIONS	*6*	**(19,561)**	(17,607)
Income tax	*7*	**–**	7
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		**(19,561)**	(17,600)

	Notes	For the six months ended 30 September 2013 (Unaudited) HK$'000	2012 (Unaudited) HK$'000
DISCONTINUED OPERATION			
Loss for the period from a discontinued operation	8	**(438)**	(2,591)
LOSS FOR THE PERIOD		**(19,999)**	(20,191)
OTHER COMPREHENSIVE INCOME/(LOSS)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations and other comprehensive income/(loss) for the period, net of tax		**1,016**	(549)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**(18,983)**	(20,740)
Loss attributable to:			
Owners of the Company		**(18,501)**	(19,689)
Non-controlling interests		**(1,498)**	(502)
		(19,999)	(20,191)
Total comprehensive loss attributable to:			
Owners of the Company		**(17,990)**	(20,073)
Non-controlling interests		**(993)**	(667)
		(18,983)	(20,740)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	9		
Basic and diluted			
– For loss for the period		**(1.42) HKcents**	(1.68) HKcents
– For loss from continuing operations		**(1.40) HKcents**	(1.52) HKcents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2013

	Notes	**30 September 2013 (Unaudited)** *HK$'000*	31 March 2013 (Audited) *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**5,304**	7,878
Goodwill	*10*	**13,000**	22,960
Intangible assets	*11*	**102,607**	108,650
Investment in an associate		**551**	535
Total non-current assets		**121,462**	140,023
CURRENT ASSETS			
Inventories		**239**	151
Due from an associate		**1,240**	1,265
Derivative financial asset	*12*	**–**	2,006
Trade receivables	*13*	**38,273**	39,258
Prepayments, deposits and other receivables		**53,555**	37,898
Pledged time deposits	*14*	**10,533**	10,022
Cash and cash equivalents		**56,073**	62,683
		159,913	153,283
Assets classified as held for sale	*8*	**24,727**	24,463
Total current assets		**184,640**	177,746
CURRENT LIABILITIES			
Trade payables	*15*	**4,750**	4,517
Other payables and accrued liabilities		**35,063**	28,260
Finance lease payable		**55**	52
Tax payable		**225**	219
		40,093	33,048
Liabilities directly associated with the assets classified as held for sale	*8*	**16,081**	15,763
Total current liabilities		**56,174**	48,811

	30 September 2013 (Unaudited) *HK$'000*	31 March 2013 (Audited) *HK$'000*
NET CURRENT ASSETS	**128,466**	128,935
TOTAL ASSETS LESS CURRENT LIABILITIES	**249,928**	268,958
NON-CURRENT LIABILITIES		
Finance lease payable	**29**	57
Provision for long service payments	**1,600**	1,510
Deferred income	**6,314**	6,423
Total non-current liabilities	**7,943**	7,990
Net assets	**241,985**	260,968
EQUITY		
Equity attributable to owners of the Company		
Issued capital	**13,023**	13,023
Reserves	**215,940**	233,930
	228,963	246,953
Non-controlling interests	**13,022**	14,015
Total equity	**241,985**	260,968

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements for the six months ended 30 September 2013 ("Financial Statements") are prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "*Interim Financial Reporting*" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements set out in Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Main Board Listing Rules").

The accounting policies and the basis of preparation adopted in the preparation of the Financial Statements are the same as those used in the Group's annual financial statements for the year ended 31 March 2013, except for the adoption of certain new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (which include all HKFRSs, HKASs and Interpretations) that are adopted for the first time for the current period's Financial Statements as disclosed in note 2 below.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Application of new and revised HKFRSs

In the current period, the Company has applied, for the first time, the following new and revised standards, amendments and interpretations ("new HKFRSs") issued by the HKICPA, which are effective for the Company's financial period beginning on 1 April 2013. A summary of the new HKFRSs are set out as below:

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

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

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

HKFRS 9	Financial Instruments[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
HK(IFRIC) – Int 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014

2 Effective for annual periods beginning on or after 1 January 2015

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 "Investment Entities"

The "Investment Entities" amendments apply to a particular class of business that qualify as investment entities. The term "investment entity" refers to an entity whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. An investment entity must also evaluate the performance of its investments on a fair value basis. Such entities could include private equity organisations, venture capital organisations, pension funds, sovereign wealth funds and other investment funds.

Under HKFRS 10, reporting entities were required to consolidate all investees that they control (i.e. all subsidiaries). Preparers and users of financial statements have suggested that consolidating the subsidiaries of investment entities does not result in useful information for investors. Rather, reporting all investments, including investments in subsidiaries, at fair value, provides the most useful and relevant information.

In response to this, the amendments provide an exception to the consolidation requirements in HKFRS 10 and require investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them. The amendments also set out disclosure requirements for investment entities.

The Group has assessed that the adoption of HKFRS 10 does not have any significant impact on the Group as all subsidiaries within the Group satisfy the requirement of control under HKFRS 10 and there are no new subsidiaries identified under the new guidance.

The amendments are effective from 1 January 2014 with early adoption permitted in order to allow investment entities to apply the amendments at the same time they first apply the rest of HKFRS 10.

Amendments to HKAS 36 "Impairment of Assets: Recoverable Amount Disclosures for Non-Financial Assets"

The amendments to HKAS 36 are to remove certain unintended disclosure requirements which may be introduced by the consequential amendments to HKAS 36 when HKFRS 13 was issued. Furthermore, these amendments require the disclosure of additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. The amendments to HKAS 36 are effective for annual periods beginning on or after 1 January 2014. Earlier application is permitted. However, an entity may not apply those amendments in periods (including comparative periods) in which it does not also apply HKFRS 13.

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

The narrow-scope amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met (in this context, a novation indicates that parties to a contract agree to replace their original counterparty with a new one).

The amendments will be effective for annual periods beginning on or after 1 January 2014 and applied retrospectively. Earlier application is permitted.

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

3. OPERATING SEGMENT INFORMATION

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

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

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

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

(d) the management consulting services segment engages in the provision of investment management and consulting service, management solutions for hospital and sales of medical equipment.

The Group's waste treatment business was terminated on 9 January 2012 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 and share of result of an associate are excluded from such measurement.

Segment assets excluded goodwill, investment in an associate and derivative financial asset as these assets are managed on a group basis.

Segment liabilities excluded finance lease payable, as these liabilities are managed on a group basis.

There are no intersegment sales and transfers between the segments.

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

	For the six months ended 30 September 2013						
	Continuing operations					Discontinued operation	
	Cleaning and related services (unaudited) *HK$'000*	Television screen broadcast business (unaudited) *HK$'000*	Medical waste treatment (unaudited) *HK$'000*	Management consulting services (unaudited) *HK$'000*	Sub-total (unaudited) *HK$'000*	Waste treatment (unaudited) *HK$'000*	Total (unaudited) *HK$'000*
Segment revenue:							
Service income from external customers	**101,501**	**727**	**3,884**	**428**	**106,540**	**–**	**106,540**
Other income and gains	**41**	**1**	**729**	**–**	**771**	**180**	**951**
Total	**101,542**	**728**	**4,613**	**428**	**107,311**	**180**	**107,491**
Segment results	**2,866**	**(8,671)**	**1,576**	**(4,262)**	**(8,491)**	**(438)**	**(8,929)**
Reconciliation:							
Interest income							**121**
Unallocated gains							**4,949**
Unallocated expenses							**(6,175)**
Impairment of goodwill							**(9,960)**
Finance costs							**(5)**
Loss before tax							**(19,999)**

	For the six months ended 30 September 2012						
	Continuing operations					Discontinued operation	
	Cleaning and related services (unaudited) *HK$'000*	Television screen broadcast business (unaudited) *HK$'000*	Medical waste treatment (unaudited) *HK$'000*	Management consulting services (unaudited) *HK$'000*	Sub-total (unaudited) *HK$'000*	Waste treatment (unaudited) *HK$'000*	Total (unaudited) *HK$'000*
Segment revenue:							
Service income from external customers	93,556	177	3,432	–	97,165	–	97,165
Other income and gains	54	–	230	–	284	441	725
Total	93,610	177	3,662	–	97,449	441	97,890
Segment results	1,434	(14,614)	606	(61)	(12,635)	(2,604)	(15,239)
Reconciliation:							
Interest income							452
Unallocated gains							87
Unallocated expenses							(5,475)
Finance costs							(23)
Loss before tax							(20,198)

4. OTHER INCOME AND GAINS

	For the six months ended 30 September	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Sundry income	**506**	17
Amortisation of deferred income	**235**	229
Interest income	**121**	439
Management fee received	**30**	38
	892	723

5. FINANCE COSTS

	For the six months ended 30 September	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest on a finance lease	**5**	7
Interest on bank overdraft	**–**	16
	5	23
Attributable to:		
Continuing operations	**5**	23
Discontinued operation	**–**	–
	5	23

6. LOSS BEFORE TAX

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

	For the six months ended 30 September	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Cost of services rendered*	**80,273**	86,539
Depreciation		
Continuing operations	**2,782**	2,067
Discontinued operation	**–**	1,333
Amortisation of intangible assets		
Continuing operations	**6,309**	8,477
Discontinued operation	**–**	–
Loss on disposal of property, plant and equipment	**278**	98

* The expense is from the continuing operations only.

7. INCOME TAX EXPENSES

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the period (2012: Nil). Subsidiaries located in the People's Republic of China (the "PRC") are subject to the PRC enterprise income tax at a rate of 25% on its assessable profits.

No corporate income tax has been provided for other subsidiaries in the PRC as they did not generate any assessable profits arising in PRC during the period (2012: 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, PRC on 9 January 2012. As at 31 March 2013 and 30 September 2013, the waste treatment business was classified as a discontinued operation. As at 30 September 2013, the Group is still negotiating with an independent state-owned enterprise in respect of the sale of Shuyang ITAD.

The results of the waste treatment business for the six months ended 30 September 2013 and 2012 are presented below:

	For the six months ended 30 September	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Other income and gains	**180**	454
Expenses	**(618)**	(3,045)
Loss before tax from the discontinued operation	**(438)**	(2,591)
Income tax expenses	**–**	–
Loss for the period from the discontinued operation	**(438)**	(2,591)

The major classes of assets and liabilities of the waste treatment business classified as held for sale as at 30 September 2013 and 31 March 2013 are as follows:

	30 September 2013 (Unaudited)	31 March 2013 (Audited)
	HK$'000	*HK$'000*
ASSETS		
Property, plant and equipment	**23,348**	22,892
Prepayments, deposits and other receivables	**1,269**	1,217
Cash and cash equivalents	**110**	354
Assets classified as held for sale	**24,727**	24,463
LIABILITIES		
Trade payables	**(53)**	(52)
Other payables and accruals	**(4,883)**	(4,778)
Tax payable	**(283)**	(283)
Loans from a Director	**(10,862)**	(10,650)
Liabilities directly associated with the assets classified as held for sale	**(16,081)**	(15,763)
Net assets classified as held for sale	**8,646**	8,700

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

	For the six months ended 30 September	
	2013 (Unaudited)	2012 (Unaudited)
	HK$'000	*HK$'000*
Operating activities	**(453)**	(11,118)
Investing activities	**–**	–
Financing activities	**–**	1,162
Net cash outflow	**(453)**	(9,956)
Loss per share:		
Basic and diluted, from the discontinued operation	**(0.02) HKcents**	(0.16) HKcents

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

	For the six months ended 30 September	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Loss attributable to ordinary equity holders of the Company from the discontinued operation	**309**	1,817

	Number of shares	
	2013	2012
Weighted average number of ordinary shares in issue during the period used in the basic and diluted loss per share calculation *(note 9)*	**1,302,286,040**	1,172,077,778

No adjustment has been made to the basic loss per share amounts presented for the six months ended 30 September 2013 and 2012 in respect of a dilution as the impact of share options and warrants outstanding had an anti-dilutive effect on the basic loss per share from discontinued operation amounts presented.

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

Basic loss per share

The calculation of basic loss per share is based on the loss for the period attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 1,302,286,040 (2012: 1,172,077,778) in issue during the period.

No adjustment has been made to the basic loss per share amounts presented for the six months ended 30 September 2013 and 2012 in respect of a dilution as the impact of the share options and warrants outstanding had an anti-dilutive effect on the basic loss per share amounts presented. The diluted loss per share was same as the basic loss per share.

The calculation of basic loss per share is based on:

	For the six months ended 30 September	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Loss		
Loss attributable to ordinary equity holders of the Company used in the basic and diluted loss per share calculation		
From continuing operations	**(18,192)**	(17,872)
From discontinued operation	**(309)**	(1,817)

	Number of shares	
	2013	2012
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted loss per share calculation	**1,302,286,040**	1,172,077,778

10. GOODWILL

The Group

	HK$'000
Cost	
At 31 March 2013, 1 April 2013 and 30 September 2013	62,145
Accumulated impairment	
At 31 March 2013	39,185
Impairment for the period	9,960
At 30 September 2013	49,145
Carrying amount	
At 30 September 2013	**13,000**
At 31 March 2013	22,960

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

	30 September 2013 (Unaudited) ***HK$'000***	31 March 2013 (Audited) *HK$'000*
Medical waste treatment	**–**	–
Management consulting services	**13,000**	22,960
	13,000	22,960

Management consulting services

During the year ended 31 March 2013, goodwill was resulted from the acquisition of 100% equity interest of Pan Asia Century Holdings Limited ("PAC Holdings") and its subsidiaries (collectively known as "Pan Asia Group"). The principal activity of Pan Asia Group is management consulting services.

The recoverable amount of this group of cash-generating units is determined based on a value in use calculation which uses cash flow projections based on financial budgets covering a period of 9.25 years, and a pre-tax discount rate of 24.17% per annum. Cash flow projections during the budget period are based on the same expected gross margins and raw materials price inflation throughout the budget period. The cash flows beyond that budget period have been extrapolated using a steady 3% per annum growth rate which is the projected long-term average growth rate for the international leisure goods market.

Due to the underperformance of Pan Asia Group, an impairment test was done. The test was based on an estimated recoverable amount of the cash-generating units by comparing the higher of the fair value less costs to sell and the value in use of the cash-generating unit base on the discount cash flow method.

Medical waste treatment

Goodwill acquired through business combination in the year ended 31 March 2008 related to medical waste treatment cash-generating unit of HK$39,185,000 has been fully impaired.

11. INTANGIBLE ASSETS

	Medical waste treatment *HK$'000*	**Free right** *HK$'000*	**Total** *HK$'000*
Cost			
At 31 March 2013	34,376	151,286	185,662
Additions	2	–	2
Exchange realignment	684	–	684
At 30 September 2013	35,062	151,286	186,348
Accumulated amortisation and impairment			
At 31 March 2013	20,949	56,063	77,012
Amortisation during the period	479	5,830	6,309
Exchange realignment	420	–	420
At 30 September 2013	21,848	61,893	83,741
Carrying amount			
At 30 September 2013	**13,214**	**89,393**	**102,607**
At 31 March 2013	13,427	95,223	108,650

12. DERIVATIVE FINANCIAL ASSET

During the six months ended 30 September 2013, the consideration adjustment in relation to the acquisition of Pan Asia Group was finalised and the Group will receive in total approximately HK$6,938,000 in cash which is included in "other receivable" in the condensed consolidated statement of financial position as at 30 September 2013. Fair value gain of the derivative financial asset of approximately HK$4,932,000 is recognised in profit or loss for the six months ended 30 September 2013.

Pursuant to the agreement entered into between the Group and the vendor in relation to the acquisition of Pan Asia Group, the initial consideration is subject to adjustment if the actual net profit of Pan Asia Group for the 12-month period commencing from the completion date falls below HK$10,000,000, in which case the vendor shall pay to the Group an amount equivalent to 51% of the difference between HK$10,000,000 on and the actual net profit. If Pan Asia Group records a net loss, vendor shall pay to the Group an amount equivalent to 51% of the sum of HK$10,000,000 and the absolute amount of the net loss.

13. TRADE RECEIVABLES

	30 September 2013 (Unaudited) ***HK$'000***	31 March 2013 (Audited) *HK$'000*
Trade receivables	**38,273**	39,258

The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of 30 days, extending up to 90 days for customers with a long term relationship. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

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

	30 September 2013 (Unaudited) ***HK$'000***	31 March 2013 (Audited) *HK$'000*
Within 30 days	**17,577**	16,234
31 – 60 days	**10,789**	9,190
61 – 90 days	**2,669**	3,491
91 – 120 days	**369**	10,018
Over 120 days	**6,869**	325
	38,273	39,258

14. PLEDGED TIME DEPOSITS

At the end of reporting period, the Group's banking facilities were secured by the pledge of certain of the Group's time deposits amounting to HK$10,533,000 (31 March 2013: HK$10,022,000).

15. TRADE PAYABLES

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

	30 September 2013 (Unaudited) *HK$'000*	31 March 2013 (Audited) *HK$'000*
Within 30 days	**2,631**	1,490
31 – 60 days	**9**	842
61 – 90 days	**10**	45
Over 90 days	**2,100**	2,140
	4,750	4,517

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

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Results

The Group's turnover from continuing operations for the six months ended 30 September 2013 amounted to approximately HK$106,540,000, represented 9.7% increase as compared to the same period last year. The loss of the Group for the six months ended 30 September 2013 from continuing operations was approximately HK$19,561,000 (2012: HK$17,600,000). Cleaning and related services business made a profit of approximately HK$2,866,000, the medical waste treatment business made a profit of approximately HK$1,576,000, the management consulting services make a loss of approximately HK$4,262,000 and the television screen broadcast business made a loss of approximately HK$8,671,000, of which HK$5,830,000 was from the amortisation 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 Asia-Pacific Regional Bureau and the Company on 22 November 2010 (the "Cooperation Agreement").

The discontinuation of the operation of the municipal waste treatment plant was located in Shuyang County, Jiangsu Province, PRC. Total loss from the discontinued operation for the six months ended 30 September 2013 was approximately HK$438,000.

Financial Review

As at 30 September 2013, the Group's cash and cash equivalents and pledged time deposits totalled approximately HK$66,606,000 (31 March 2013: HK$72,705,000) and its current ratio (excluding discontinued operation) was 3.99 (31 March 2013: 4.64). The Group's net assets were approximately HK$241,985,000 (31 March 2013: HK$260,968,000).

As at 30 September 2013, the Group did not have any bank borrowings but the Group had a finance lease payable and loans from a Director of approximately HK$84,000 and HK$10,862,000 respectively (31 March 2013: HK$109,000 and HK$10,650,000) and therefore, its gearing ratio, representing ratio of a finance lease payable and loans from a Director to shareholders' equity was 4.4% (31 March 2013: 4.1%). The Group's shareholders' equity amounted to approximately HK$241,985,000 as at 30 September 2013 (31 March 2013: HK$260,968,000).

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

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

As at 30 September 2013, the Group's banking facilities were secured by the pledge of certain of the Group's time deposits amounting to approximately HK$10,533,000 (31 March 2013: HK$10,022,000).

Business Review

Television screen broadcast business

For the television screen broadcast business, specially produced news programs including finance, sports, entertainment and lifestyle run smoothly on through trains operated by the MTR Corporation Limited ("MTR") running from Guangzhou East and Hong Kong and at the MTR Hunghom Departure Hall, and television programs broadcasting on selected television screens at departure gates in the Hong Kong International Airport ("HK Airport") continue to run smoothly.

The Group has benefited from agency agreements with advertising agents in both Mainland China and Hong Kong as the Group has enjoyed additional sources of advertising revenue resulting from an increased number of clients from Mainland China during the period. In addition, the Group has endeavoured to approach media agents to discuss cooperation in sharing television screen resources to increase broadcasting channels and reduce capital investment costs.

According to the Cooperation Agreement, APRB has undertaken that the audited operating revenue derived from the television screen broadcast business for the year ended 31 December 2011 and the year ended 31 December 2012 will be no less than HK$30,000,000 and HK$100,000,000, respectively. Negotiations on remedial actions are on-going and the Company expects to reach an agreement with APRB by the end of 2013. Appropriate announcement will be made when an agreement has been reached.

Cleaning and related services

Cleaning and related services continued to be the core business of the Group and had achieved progressive growth. Existing contracts with several Grade-A commercial/office buildings in Wanchai, Admiralty, Central and Aberdeen areas, which expired during the period under review, were renewed for various terms ranging from one year to three years. The Group is also able to obtain a new contract for providing day-to-day cleaning and stone finishing maintenance services to a luxurious residential apartment building in Kadoorie Hill. The Group was also successful in bidding a two-year contract for a high-class residential estate comprising over thousands of deluxe apartments, detached houses, private roads and amenities on Hong Kong Island South for the provision of daily, periodic and high-level cleaning, pest and rodent control services as well as stone finishing maintenance and restoration.

The Group provides high-level cleaning services by establishing its own service teams to ensure quality and, most importantly, safety. This is unlike many other service providers who usually outsource such services to their sub-contractors. This portion of our service also achieved a notable growth during the period.

The Group has been maintaining constant contact with our European business partner in stone and tile maintenance and restoration products reflecting to them the prevailing market trends and requirements for devising more products matching the needs of end-users in Hong Kong, Macau and Mainland China. The variety of products continues to gain growing recognition.

Medical waste treatment business

For the medical waste treatment business, the two medical treatment plants of the Group in Siping city and Suifa city in the Mainland China continue to operate smoothly.

Management consulting services business

The management consulting services business is facing a tough market environment. As a result, the segment has generated a loss of HK$4,847,000 for the six months ended 30 September 2013, which was mostly due to the write off of certain non-refundable tender deposits. Subsequently, projected revenue from these tender deposits were written off which resulted in an impairment of goodwill which is appropriately reflected in the financial section.

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

Waste treatment business

The Group was engaged in negotiation with an independent state-owned enterprise regarding the Group's investment in a waste treatment plant in Shuyang County, Jiangsu Province. The negotiation is still continuing.

Prospects

Television screen broadcast business

With the change of management during the reporting period, the Group is dedicated and focused on recapturing the shortfall during the development stage of the television screen broadcast business in previous years. The Group will endeavor to redeploy all necessary resources in improving the branding image and hence increasing its coverage and market share.

The Group has begun working with several advertising agents based in Mainland China and Hong Kong. Although some of the contracts were relatively small, results showed that the Group has created a profile of customers from Mainland China via the agents. The Group will keep focusing on customers from Mainland China.

For the television screen broadcasting at the HK Airport, the Group keeps putting effort in securing sponsorship on television programs production. The Group is confident that the successful running of the HK Airport project will enhance the Group's profitability and improve the branding image to international customers and consumers.

Recently, the Group has extended the broadcast right to provide news programs including finance, sports, entertainment and lifestyle to the passengers on the through trains between Guangzhou East and Hunghom, as well as the MTR Hunghom Departure Hall with MTR for further three years.

Negotiations for media broadcast on an LED video wall in Central District is towards the closing stage. The Group is looking forward to launch the broadcasting service by the end of 2013.

The Group is also discussing with enterprises in the PRC regarding the possible formation of strategic cooperation relationship in media advertisement business. The Group has already approached two possible enterprises in the PRC, aiming to enhance the Group's profile and further expansion on media advertising business.

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

Cleaning and related services

A stable and efficient labour force is the most valuable asset in the service industry. Despite the current situation in Hong Kong of a demand-over-supply in the labour market, the Group has been able to report a relatively low labour turnover rate. This was because the Group could manage to maintain a close and established employer-employee relationship. The Group has also set up certain dedicated staff programs to look after our staff's concerns and welfare.

The Group has accumulated solid experience in integrating cleaning and related services business in different segments, which contributed to our growth in recent years. The Group is optimistic and confident in continuing to enlarge our market share and develop our business further in the year ahead.

Medical Waste Treatment Business

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

Management consulting services business

The Group has been deploying resources and efforts to strengthen the performance of management consulting services business. The Group is in a planning stage in further explore different business opportunities in the PRC medical equipment and hospital management service markets.

As a result of the loss of multiple tender security deposit, the forecast for the management consulting services business is significantly worse than six months ago. A significant reduction in future income is reflected in the management forecast which results in impairment on goodwill. The management will look into other avenues of revenue with considerable less risk.

Interim Dividend

The Board does not recommend the payment of any dividend to shareholders for the six months ended 30 September 2013 (2012: Nil).

Contingent Liabilities

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

(a) The Group has executed performance guarantees to the extent of an aggregate amount of approximately HK$2,722,000 (31 March 2013: HK$4,838,000) in respect of certain services provided to various customers by the Group.

(b) The Group had a contingent liability in respect of possible future long service payments to employees under the Employment Ordinance, with a maximum possible amount of approximately HK$2,941,000 as at 30 September 2013 (31 March 2013: HK$2,830,000). The contingent liability has arisen because, at the end of the reporting period, a number of current employees have achieved the required number of years of service to the Group in order to be eligible for long service payments under the Employment Ordinance if their employment is terminated under certain circumstances. A provision of approximately HK$1,600,000 (31 March 2013: HK$1,510,000) in respect of such payments has been made in the condensed consolidated statement of financial position as at 30 September 2013.

(c) During the ordinary course of its business, the Group may from time to time be involved in litigation concerning personal injuries sustained by its employees or third party claimants. The Group maintains insurance cover and, in the opinion of the Directors, based on current evidence, any such existing claims should be adequately covered by the insurance as at 30 September 2013 and 31 March 2013.

Employees and Remuneration Policies

The total number of employees of the Group as at 30 September 2013 was 1,547 (31 March 2013: 1,519). Total staff costs, including directors' emoluments and net pension contributions, for the period under review amounted to HK$86,280,000 (30 September 2012: HK$79,218,000). 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.

SUBSEQUENT EVENTS

Ms. Xu Zhi Juan was removed as an Independent Non-Executive Director, Mr. Tsang Chi Hon Calvin was appointed as new Independent Non-Executive Director. Please refer to the announcement on 25 November 2013.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2013.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE OF THE LISTING RULES

Throughout the period for the six months ended 30 September 2013, the Company had complied with the code provisions set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules for which were applicable to the said period, except for the following deviations:-

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.

Mr. Ju Mengjun and Dr. Lo Kou Hong are Co-chairmen 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.

AUDIT COMMITTEE

The Audit Committee of the Company comprises 3 members, namely, Mr. Tsang Chi Hon (Chairman of Audit Committee), Mr. Xu Rong and Mr. Wang Qi, who are independent non-executive Directors. The Audit Committee has reviewed with senior management of the Group the unaudited interim financial results of the Group for the six months ended 30 September 2013, including the accounting principles and practices adopted by the Group.

PUBLICATION OF RESULTS ANNOUNCEMENT AND DESPATCH OF INTERIM REPORT

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

On behalf of the Board
Xinhua News Media Holdings Limited

Ju Mengjun	**Lo Kou Hong**
Co-chairman	*Co-chairman*

Hong Kong, 29 November 2013

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