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 2016

RESULTS

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 2016, together with the comparative figures for the year ended 31 March 2015, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2016

	Notes	**2016**	2015
		HK$'000	*HK$'000*
Revenue	*4*	**309,846**	286,809
Other income and gains	*4*	**21,068**	1,577
Staff costs	*5*	**(226,175)**	(203,168)
Depreciation and amortisation		**(11,074)**	(11,319)
Impairment of intangible assets	*5,9*	**(36,858)**	–
Provision for impairment of trade receivables	*5,10*	**(30,000)**	–
Other operating expenses		**(86,593)**	(75,332)
Finance costs	*6*	**(46)**	(42)
Share of results of an associate		**26**	89
Loss before tax	*5*	**(59,806)**	(1,386)
Income tax expenses	*7*	**(315)**	(447)
Loss for the year		**(60,121)**	(1,833)

	Note	**2016**	2015
		HK$'000	*HK$'000*
Other comprehensive (loss)/income, net of tax			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations:			
Exchange differences arising during the year		**(717)**	55
Total comprehensive loss for the year		**(60,838)**	(1,778)
(Loss)/profit attributable to:			
Owners of the Company		**(60,248)**	(1,622)
Non-controlling interests		**127**	(211)
		(60,121)	(1,833)
Total comprehensive loss attributable to:			
Owners of the Company		**(60,604)**	(1,591)
Non-controlling interests		**(234)**	(187)
		(60,838)	(1,778)
Loss per share attributable to owners of the Company	*8*		
Basic and diluted		**HK$(0.0441)**	HK$(0.0012)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2016

	Notes	2016 HK$'000	2015 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**23,059**	21,765
Intangible assets	*9*	**10,269**	55,831
Investment in an associate		**730**	704
Total non-current assets		**34,058**	78,300
Current assets			
Inventories		**308**	225
Amount due from an associate		**240**	240
Trade receivables	*10*	**45,551**	60,588
Prepayments, deposits and other receivables	*10*	**46,801**	31,799
Pledged time deposits	*11*	**2,025**	13,086
Cash and cash equivalents		**55,744**	62,778
Total current assets		**150,669**	168,716
LIABILITIES			
Current liabilities			
Trade payables	*12*	**5,914**	5,190
Other payables and accrued liabilities		**32,254**	31,259
Loans from a director		**–**	5,564
Finance lease payables		**371**	359
Tax payable		**413**	394
Total current liabilities		**38,952**	42,766
Net current assets		**111,717**	125,950
Total assets less current liabilities		**145,775**	204,250

	2016	2015
	HK$'000	*HK$'000*
Non-current liabilities		
Loans from a director	**6,417**	3,733
Finance lease payables	**838**	1,209
Provision for long service payments	**3,850**	3,058
Deferred income	**4,880**	5,622
Total non-current liabilities	**15,985**	13,622
Net assets	**129,790**	190,628
EQUITY		
Equity attributable to owners of the Company		
Share capital	**13,675**	13,675
Reserves	**119,923**	180,527
	133,598	194,202
Non-controlling interests	**(3,808)**	(3,574)
Total equity	**129,790**	190,628

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which also include Hong Kong Accounting Standards ("HKASs") and interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong, the applicable disclosure required by the Hong Kong Companies Ordinance ("CO") and the applicable disclosure provisions of The Rules Governing the Listing of Securities on Main Board of the Stock Exchange (the "Main Board Listing Rules").

The provisions of the new CO (Cap. 622) regarding preparation of accounts and directors' reports and audits became effective for the Company for the financial year ended 31 March 2016. Further, the disclosure requirements set out in the Main Board Listing Rules regarding annual accounts have been amended with reference to the new CO and to streamline with HKFRSs. Accordingly, the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 March 2016 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 March 2015 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or Main Board Listing Rules but not under the new CO or amended Main Board Listing Rules are not disclosed in these consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in orderly transactions between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Group takes into account the characteristic of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based Payment", leasing transactions that are within the scope of HKAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of Assets".

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

The preparation of consolidated financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amount of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The consolidated financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand ("HK'000"), unless otherwise stated.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The accounting policies adopted in the consolidated financial statements for the year ended 31 March 2016 are consistent with those followed in the preparation of the Group's consolidated statements for the year ended to 31 March 2015 except as described below.

In the current year, the Group 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 Group's financial year beginning on 1 April 2015.

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010-2012 Cycle
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011-2013 Cycle
HKAS 19 (Amendments)	Defined Benefit Plans: Employee Contributions

In the opinion of Directors, the application of the new HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

In addition, the Group has adopted the amendments to the Main Board Listing Rules issued by the Stock Exchange relating to the disclosure of financial information with reference to the CO (Cap. 622) during the current financial year. The main impact to the consolidated financial statements is on the presentation and disclosure of certain information in the consolidated financial statements.

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

HKFRS 9	Financial Instruments[2]
HKFRS 14	Regulatory Deferral Accounts[4]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 16	Leases[1]
Amendments to HKAS 1	Disclosure Initiative[3]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[3]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[3]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle[3]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[3]

1 Effective for annual periods beginning on or after 1st January 2019

2 Effective for annual periods beginning on or after 1st January 2018

3 Effective for annual periods beginning on or after 1st January 2016

4 Effective for first annual HKFRS financial statements beginning on or after 1st January 2016

5 Effective for annual periods beginning on or after a date to be determined

HKFRS 9 – *Financial Instruments*

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent reporting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Directors of the Company is in the process of making an assessment of the potential impact of the application of HKFRS 9 and it is not practicable to provide a reasonable estimate of the effect of HKFRS 9 until the Group performs a detailed review.

HKFRS 15 – *Revenue from Contracts with Customers*

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer

- Step 2: Identify the performance obligations in the contract

- Step 3: Determine the transaction price

- Step 4: Allocate the transaction price to the performance obligations in the contract

- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The Directors of the Company is in the process of making an assessment of the potential impact of the application of HKFRS 15 and it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

The Directors of the Company do not anticipate that the application of other amendments to HKFRSs will have a material impact on the Group's consolidated financial statements.

3. OPERATING SEGMENT INFORMATION

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

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

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

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

(d) the waste treatment business segment engages in the provision of organic waste treatment and sale of the by-products produced.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment result, which is a measure of adjusted loss before tax. The adjusted loss before tax is measured consistently with the Group's loss before tax except that interest income, share of profit of an associate, fair value change on derivative financial assets, impairment loss recognised in profit or loss in respect of intangible assets and goodwill, loss on disposal of subsidiaries, finance costs and unallocated head office and corporate expenses are excluded from such measurement.

Segment assets exclude investment in an associate, amount due from an associate and unallocated head office and corporate assets as these assets are managed on a group basis.

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

There are no intersegment sales and transfers between the segments.

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

	Cleaning and related services		Television screen broadcast business		Medical waste treatment		Waste treatment		Total	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
	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	**291,123**	251,329	**7,500**	24,918	**11,154**	10,394	**69**	168	**309,846**	286,809
Other income and gains	**82**	262	**52**	367	**529**	473	**–**	2	**663**	1,104
Total	**291,205**	251,591	**7,552**	25,285	**11,683**	10,867	**69**	170	**310,509**	287,913
Segment results	**12,781**	12,033	**(73,829)**	7,139	**2,888**	2,349	**(1,503)**	(3,596)	**(59,663)**	17,925
Reconciliation:										
Interest income									**1,105**	473
Share of results of an associate									**26**	89
Unallocated income									**19,300**	–
Unallocated expenses									**(20,528)**	(19,831)
Finance costs									**(46)**	(42)
Loss before tax									**(59,806)**	(1,386)
Income tax expenses									**(315)**	(447)
Loss for the year									**(60,121)**	(1,833)

	Cleaning and related services		Television screen broadcast business		Medical waste treatment		Waste treatment		Total	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
	HK'000	*HK'000*	***HK'000***	*HK'000*	***HK'000***	*HK'000*	***HK'000***	*HK'000*	***HK'000***	*HK'000*
Segment assets	**81,793**	69,013	**65,265**	135,900	**19,605**	21,705	**17,094**	19,454	**183,757**	246,072
Reconciliation:										
Investment in an associate									**730**	704
Amount due from an associate									**240**	240
Total assets									**184,727**	247,016
Segment liabilities	**30,666**	26,845	**3,205**	4,599	**6,221**	6,719	**7,219**	7,360	**47,311**	45,523
Reconciliation:										
Finance lease payables									**1,209**	1,568
Loans from a director									**6,417**	9,297
Total liabilities									**54,937**	56,388
Other segment information:										
Capital expenditure *(Note)*	**2,751**	1,450	**1,535**	6,282	**919**	120	**–**	8	**5,205**	7,860
Depreciation and amortisation	**944**	764	**7,941**	8,277	**1,217**	1,280	**972**	998	**11,074**	11,319
Impairment losses recognised in profit or loss in respect of:										
Property, plant and equipment	**–**	–	**–**	–	**–**	–	**–**	1,883	**–**	1,883
Intangible assets	**–**	–	**36,858**	–	**–**	–	**–**	–	**36,858**	–
Trade receivables	**–**	–	**30,000**	–	**–**	–	**–**	–	**30,000**	–

Note:

Capital expenditure consists of additions of property, plant and equipment.

Geographical information

(a) *Revenue from external customers*

	2016	2015
	HK$'000	*HK$'000*
Hong Kong	**298,623**	276,247
Mainland China	**11,223**	10,562
	309,846	286,809

(b) *Non-current assets*

	2016	2015
	HK$'000	*HK$'000*
Hong Kong	**7,043**	48,497
Mainland China	**27,015**	29,803
	34,058	78,300

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

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	2016	2015
	HK$'000	*HK$'000*
Customer A	**71,679**	57,196
Customer B	**76,443**	63,826

4. REVENUE, OTHER INCOME AND GAINS

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

	2016	2015
	HK$'000	*HK$'000*
Revenue		
Cleaning and related service fee income	**291,123**	251,329
Television screen broadcast business income	**7,500**	24,918
Medical waste treatment income	**11,154**	10,394
Waste treatment income	**69**	168
	309,846	286,809
Other income and gains		
Interest income	**1,105**	473
Amortisation of deferred income*	**460**	473
Management fee received	**60**	60
Compensation for liquidated damages under remedial agreement *(Note 10)*	**16,800**	–
Sundry income	**2,643**	571
	21,068	1,577

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

5. LOSS BEFORE TAX

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

	Notes	2016 HK$'000	2015 HK$'000
Cost of services rendered*		**259,409**	221,780
Auditors' remuneration			
– Audit service		**1,010**	980
– Non-audit service		**15**	15
Minimum lease payments under operating lease in respect of land and buildings		**3,834**	1,947
Depreciation on owned property, plant and equipment		**2,516**	2,995
Depreciation on leased property, plant and equipment		**446**	185
Amortisation of intangible assets	*9*	**8,112**	8,139
Employee benefit expenses (including Directors' remuneration)			
Wages, salaries and other benefits		**214,684**	192,554
Retirement benefit scheme contributions		**9,072**	8,387
Provision for long service payments		**938**	768
Provision for untaken paid leave		**1,481**	1,459
Total employee benefit expenses		**226,175**	203,168
Impairment of property, plant and equipment		**–**	1,883
Impairment of intangible assets	*9*	**36,858**	–
Provision for impairment of trade receivables	*10*	**30,000**	–
Net loss on disposal of property, plant and equipment		**–**	4,536

* The cost of services rendered included an employee benefit expenses of approximately HK$199,354,000 (2015: HK$179,703,000) incurred in the provision of services which has been included in the employee benefit expenses above.

6. FINANCE COSTS

	2016	2015
	HK$'000	*HK$'000*
Interest on a bank overdraft	**–**	3
Interest on finance leases	**46**	39
	46	42

7. INCOME TAX EXPENSES

	2016	2015
	HK$'000	*HK$'000*
Current tax		
Hong Kong	**–**	–
Mainland China	**351**	447
Over-provision in previous year - Mainland China	**(36)**	–
Tax charge for the year	**315**	447

Hong Kong Profits Tax is calculated at 16.5% (2015: 16.5%) of the estimated assessable profit for the year. No provision for Hong Kong Profits Tax has been made as the Group had no chargeable profit for the years ended 31 March 2016 and 2015.

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

No deferred tax liabilities was provided in respect of the tax that would be payable on the distribution of the retained profits as the Group determined that the retained profits as at 31 March 2016 would not be distributed in the foreseeable future.

8. LOSS PER SHARE

Basic and diluted loss per share

The calculation of the basic and diluted loss per share amounts is based on the loss for the year attributable to owners of the Company, and the weighted average number of ordinary shares of 1,367,486,040 (2015: 1,335,689,876) in issue during the year.

The diluted loss per share is the same as the basic loss per share for the year ended 31 March 2016 and 2015 because the Company's share option outstanding during these years were anti-dilutive.

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

	2016	2015
	HK$'000	*HK$'000*
Loss		
Loss attributable to owners of the Company used in the basic and diluted loss per share calculation:	**(60,248)**	(1,622)

	Number of shares	
	2016	2015
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted loss per share calculation	**1,367,486,040**	1,335,689,876

9. INTANGIBLE ASSETS

	Medical waste treatment *HK$'000*	Free right *HK$'000*	Total *HK$'000*
Cost			
At 1 April 2014	35,026	151,286	186,312
Additions	106	–	106
Exchange realignment	151	–	151
At 31 March 2015 and 1 April 2015	35,283	151,286	186,569
Additions	–	–	–
Exchange realignment	(1,828)	–	(1,828)
At 31 March 2016	**33,455**	**151,286**	**184,741**
Accumulated amortisation and impairment			
At 1 April 2014	22,338	100,161	122,499
Amortisation during the year	1,005	7,134	8,139
Exchange realignment	100	–	100
At 31 March 2015 and 1 April 2015	23,443	107,295	130,738
Amortisation during the year	979	7,133	8,112
Impairment for the year	–	36,858	36,858
Exchange realignment	(1,236)	–	(1,236)
At 31 March 2016	**23,186**	**151,286**	**174,472**
Carrying amount			
At 31 March 2016	**10,269**	**–**	**10,269**
At 31 March 2015	11,840	43,991	55,831

Medical waste treatment represents the assets from the related business segment which recognise as intangible asset under HK(IFRIC) – Int 12 when the Group receives a right to charge users of the public service. Free right arise from a Cooperation Agreement with Xinhua News Agency Asia-Pacific Regional Bureau Limited ("APRB") for the development of the TV screen broadcast business (the "Cooperation Agreement"). The following useful lives are used in the calculation of amortisation:

Medical waste treatment	20 years
Free right	10 years

According to the Cooperation Agreement with APRB, the Group is entitled to receive compensation from APRB if the revenue generated from Free Right is less than HK$30,000,000 and HK$100,000,000 in the year ended 31 December 2011 and 2012 respectively (the "Revenue Undertaking"). Subsequently, the Company had entered into the Remedial Agreement with APRB on 15 July 2014 whereby as full and final compensation for the non-fulfilment of the Revenue Undertaking, APRB has undertaken to the Company that the aggregate revenue for the two financial years ending 31 March 2016 would be no less than HK$170,000,000 (the "Further Undertaking"). If the Further Undertaking is not fulfilled, APRB shall pay to the Group as liquidated damages a sum equivalent to 12% of the shortfall of the Further Undertaking.

Up to 31 March 2016, the aggregated revenue generated from Free Right for the two financial years ended 31 March 2016 are approximately HK$30,000,000, the Directors of the Company estimated the 12% of the shortfall of the Further Undertaking was approximately HK$16,800,000, which was classified as other receivable as disclose in Note 10.

Impairment testing on intangible assets

The Directors estimated the recoverable amount of the cash-generating units by comparing the higher of the fair value less costs to disposal and the value in use of the cash-generating units based on the discounted cash flows prepared by the management.

Free Right:

The valuation of the Free Right is based on the value-in-use method, which is the present value of the future cash flows expected to be derived from an asset of CGU. Due to i) significant loss of the television screen broadcast business segments; ii) downturn of global economic growth; iii) uncertainty of economic recovery; iv) intense competition of advertising industry; v) increasing in pricing disparity; and vi) unable to acquire new customer and existing customer decide not to renew the contract, the Directors of the Company is expected that the Free Right will not generate significant and sustainable advertising revenue in the future. As of right now, the Directors of the Company does not have a plan to develop the business to have a material impact in projected revenue. As a result, an impairment loss of approximately HK$36,858,000 was recognised in the profit or loss with reference to a valuation report prepared by an independent professional valuer during the year ended 31 March 2016.

The estimates of the recoverable amount of the Free Right as at 31 March 2015 were determined based on a value in use calculation using cash flow projections based on the five-year financial forecast approved by the Directors together with a pre-tax discount rate of 25% by reference to the valuation performed by an independent professional valuer. Cash flows beyond the five-year period had been extrapolated through to the end of the fiscal year in 2021, which is the end of contractual period of Cooperation Agreement, to cover the remaining useful lives of related non-current assets.

10. TRADE RECEIVABLES AND PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2016	2015
	HK$'000	*HK$'000*
Trade receivables	**75,551**	60,588
Less: Impairment loss recognised on trade receivables	**(30,000)**	–
	45,551	60,588

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.

Impairment of trade receivables

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly. At the end of the reporting period, an impairment loss of approximately HK$30,000,000 (2015: Nil) was recognised on trade receivables.

	2016	2015
	HK$'000	*HK$'000*
Balance at the beginning of the year	**–**	–
Impairment loss recognised on trade receivables *(Note)*	**30,000**	–
Amount written off as uncollectible	**–**	–
Balance at the end of the year	**30,000**	–

Note:

For the years ended 31 March 2016 and 2015, the Directors of the Company assessed the recoverable amounts of trade receivables recognised specific impairment loss on trade receivables of approximately HK$30,000,000 (2015: Nil) which has been pursued through legal means.

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:

	2016	2015
	HK$'000	*HK$'000*
Within 30 days	**26,066**	22,195
31 to 60 days	**14,325**	10,320
61 to 90 days	**4,192**	12,369
91 to 120 days	**429**	691
Over 120 days	**539**	15,013
	45,551	60,588

Included in the Group's trade receivables balances are debtors with aggregate carrying amounts of approximately HK$968,000 (2015: HK$15,704,000) which are past due but not impaired at the end of the reporting period. For which the Group has not provided for impairment loss as there has not been a significant change in credit quality and the balances are considered recoverable.

Ageing of trade receivables that are past due but not impaired:

	2016	2015
	HK$'000	*HK$'000*
Overdue by:		
1 to 30 days	**429**	691
Over 30 days	**539**	15,013
	968	15,704

	2016	2015
	HK$'000	*HK$'000*
Prepayments	**4,589**	7,198
Deposits	**4,772**	4,734
Other receivables *(Note)*	**37,440**	19,867
	46,801	31,799

Note:

At 31 March 2016, included in other receivables were a loan receivable amount to HK$18,000,000 (2015: HK$18,000,000) and compensation for liquidated damages under remedial agreement amount to HK$16,800,000 (2015: Nil). The loan receivable was advanced to a company not connected to the Group and is unsecured and recoverable on demand. The loan receivable is charged at an interest rate of 6% per annum and the repayment date of the loan was further extended from 24 August 2015 to 23 August 2016. The compensation for liquidated damages under remedial agreement was a liquidated damages from APRB under the Further Undertaking of the Cooperation Agreement (Note 9).

11. PLEDGED TIME DEPOSITS

At the end of the reporting period, the Group's banking facilities were secured by the pledge of certain of the Group's time deposits amounting to approximately HK$2,025,000 (2015: HK$13,086,000).

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:

	2016	2015
	HK$'000	*HK$'000*
Within 30 days	**5,309**	3,669
31 to 60 days	**76**	1,326
61 to 90 days	**60**	66
Over 90 days	**469**	129
	5,914	5,190

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 for the year ended 31 March 2016 amounted to approximately HK$309,846,000 (2015: HK$286,809,000) represented 8.0% increase as compared to the previous year. The loss of the Group was approximately HK$60,121,000 (2015: HK$1,833,000). Cleaning and related services business made a profit of approximately HK$12,781,000, the medical waste treatment business made a profit of approximately HK$2,888,000, the television screen broadcast business made a loss of approximately HK$73,829,000, which was due to an impairment loss of approximately HK$30,000,000 and an impairment of intangible assets of approximately HK$36,858,000 was recognised at the end of reporting period and the waste treatment businesses made a loss of approximately HK$1,503,000.

Financial Review

As at 31 March 2016, the Group's cash and cash equivalents and pledged time deposits totaled approximately HK$57,769,000 (2015: HK$75,864,000) and its current ratio (excluded the discontinued operation) was 3.87 (2015: 3.95). The Group's net assets were approximately HK$129,790,000 (2015: HK$190,628,000).

As at 31 March 2016, the Group did not have any bank borrowings but the Group had finance lease payables and loans from a director of approximately HK$1,209,000 and approximately HK$6,417,000 respectively (2015: HK$1,568,000 and HK$9,297,000) and therefore, its gearing ratio, representing ratio of finance lease payables and loans from a director to shareholders' equity was 5.9% (2015: 5.7%). The Group's shareholders' equity amounted to approximately HK$129,790,000 as at 31 March 2016 (2015: HK$190,628,000).

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 ("HK") dollars, whereas those of the medical waste treatment business and waste treatment business and medical consultation 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 2016, the Group's banking facilities were secured by the pledge of certain of the Group's time deposits amounting to approximately HK$2,025,000 (2015: HK$13,086,000).

Business Review

Television screen broadcast business

In the past financial year, the Group has continued to face increasing headwind from adverse macro-economic conditions in Hong Kong as well as mainland China. As a result, an impairment of the free right was done due to a shortfall of total revenue realised from the Further Undertaking.

The slowdown of growth in Mainland China has caused a significant decrease in mainland tourists visiting Hong Kong. This has caused a direct impact in total viewership of many of our LED platform which are located in tourist heavy locations such as Hung Hom Station and Hong Kong International Airport. Furthermore, many of our targeted potential advertisers were hesitant in committing to long-term, large sum advertising contracts from the uncertainty of economic conditions in the near term.

The decrease of market advertising pricing combined with a shortening of average duration of advertising contracts have had a direct impact in future earnings potential of the LED screen platform advertising. As a result, this has caused the Group to terminate several potential investment opportunities into the LED screen advertising space due to increased risk and lowered returns. Consequently, many of the potential investment projects failed to meet all of the investment criteria of the Group which has translated into slower growth of the television screen broadcast business.

Despite the aforementioned difficulties, the Group will continue to explore possible investment and expansion in this space.

Cleaning and related services

Subsequent to the revision of the statutory minimum wage ("SMW") rate from $30.00 to $32.50 per hour from 1 May 2015, representing an increase of 8.33%, wages of our workforce were also adjusted. However, as per provisions in most of the service contracts with our customers, we were able to revise our service charges in line with the movement of the SMW rate accordingly.

The Group has come a long way since its early days and is now focusing on providing professional cleaning services of high quality to our customers and has established sound reputation and gained customers' confidence.

During the year under review, the Group had been able to secure several new service contracts, some of which were from two renowned property developers, with whom the business association was established not so long ago. One of which was for a brand new prestigious residential development on Island East and another two were for a low-rise housing development in the New Territories as well as a top-notch commercial building in the heart of Central. On top of these new contracts, several major contracts on hand were renewed for one to three years with reasonable adjustments of the service charges.

The Group had successfully extended the scope of high-level cleaning. During the year, contracts were signed to provide external wall, overhead fitting and roof cleaning for hospitals and the ancillary buildings which demanded a higher degree of hygiene and more stringent job completion requirements. Moreover, extra safety measures and care must be exercised in the course of our work in view of the frequent in-and-out of visitors, patients and traffic.

Facing a more and more competitive environment, we have been aiming to diversify our services and widen our scope for which we had been successful in the year. A new contract had been signed with an existing customer located next to the airport in Lantau to provide labour for unpacking and de-boxing their supplies and provisions for aircrafts.

Medical waste treatment business

The Group operates two medical waste treatment plants in the PRC, one is located in Siping City and the other one is located in Suihua City. Both plants have been operating smoothly throughout the reporting year.

Waste treatment business

The Group continues to look into various options in respect of its investment in the waste treatment business following the termination of the negotiation with an independent state-owned enterprise.

Prospects

Television screen broadcast business

The Group still holds exclusive broadcasting rights granted by Xinhua News Agency Asia-Pacific Bureau for the duration of another five years. The Group also holds contracts to several high profile LED locations such as Hung Hom Train Station and Hong Kong International Airport. Together, the Group is still keen to realise and to extract value from these two valuable platforms. The Group still holds plans to grow the existing platform only when a potential investment project meets all of the Group's prudent investment criteria.

In the coming year, the Group will start to explore and to expand into other areas of businesses such as Newspapers, Magazines, cable subscription, online-mobile advertising and others. These other forms of traditional and non-traditional advertising channels can create great synergy with the Group's existing advertising platform. The Group's strong media background and deep experience is also better suited to expand into these new areas. The Group believes that the potential growth from these new areas will create a brighter future for the media advertising segment of the Group.

Cleaning and related services

Most analysts have projected that the economy in both the Mainland and Hong Kong in the coming year would show an unsteady and slowdown growth and that the outlook is gloomy. Nevertheless, in view of our competitive strength, the Group is cautiously confident in maintaining our market shares and service incomes, which are derived from our professional cleaning services, stone finishing maintenance and restoration and sales of stone maintenance products manufactured by our business partner in Italy.

Medical waste treatment business

The two medical waste treatment plants located in Siping City and Suihua City have been operating smoothly in the past year and is expected to continue. The Group can therefore reasonably expect the medical waste treatment business will continue to bring in revenue to the Group in the future.

Dividend

The Directors do not recommend the payment of any dividend to shareholders for the year ended 31 March 2016 (2015: 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 HK$16,824,000 (2015: HK$10,649,000) 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$6,686,000 as at 31 March 2016 (2015: HK$5,522,000). 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$3,850,000 (2015: HK$3,058,000) in respect of such payments has been made in the condensed consolidated statement of financial position as at 31 March 2016.

(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 2016 and 2015.

Employees and Remuneration Policies

The total number of employees of the Group as at 31 March 2016 was 1,609 (2015: 1,623). Total staff costs, including directors' emoluments and net pension contributions, for the period under review amounted to HK$226,175,000 (2015: HK$203,168,000). The Group provides employees with training programmes to equip them with the latest skills.

Remunerations are commensurate with individual job nature, work experience and market conditions, and performance-related bonuses are granted to employees on discretionary basis.

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

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

COMPLIANCE WITH CORPORATE GOVERNANCE CODE OF THE MAIN BOARD LISTING RULES

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

Throughout the year ended 31 March 2016, the Company has complied with the code provisions set out in the Corporate Governance Code (the "CG Code") in Appendix 14 of the Main Board Listing Rules, with the exception of Code Provision A.2.7 and A.6.7, as addressed below:

Under Code Provision A.2.7, the chairman (the "Chairman") should at least annually hold meetings with the non-executive Directors, including Independent non-executive Directors, without the Executive directors present. For the year ended 31 March 2016, the Chairman did not hold meetings with the Independent non-executive Directors without the Executive Directors present, which deviates from Code Provision A.2.7. However, in each Board meeting, the chairman of the meetings would ensure that all Directors were able to make a full and active contribution to the Board's affairs and encourage all Directors with different views to voice their concerns, allow sufficient time for discussion of issues and ensure that the Board decisions fairly reflect Board consensus.

Under Code Provision A.6.7, Independent non-executive Directors and non-executive Directors should attend general meetings of the Company. Mr. Wang Qi, the Independent non-executive Director, could not attend the annual general meeting of the Company held on 25 September 2015 due to other business commitments. However, Mr. Ju Mengjun, the Co-Chairman and Executive Director, present in the general meeting was elected as Chairman of the meetings to ensure an effective communication with the shareholders at the meeting.

Further, under Code Provision A.4.3, serving more than 9 years could be relevant to the determination of a non-executive director's independence. Mr. Wang Qi, has served as an Independent non-executive Director for more than 9 years since 26 August 2015. In compliance with Code Provision A.4.3, a resolution was proposed to approve the re-election of Mr. Wang Qi as an Independent non-executive Director and the resolution was passed at the annual general meeting of the Company held on 25 September 2015. The Company will continue to review the independence of Independent non-executive Directors annually and take all appropriate measures to ensure compliance of relevant provisions regarding independence of Independent non-executive Directors in the Main Board Listing Rules.

AUDIT COMMITTEE

The Audit Committee comprises three members, namely, Mr. Tsang Chi Hon (Chairman of the audit committee), Mr. Wang Qi and Mr. Ho Hin Yip, who are Independent non-executive Directors. The Audit Committee is primarily responsible for reviewing and providing supervision over the Group's financial reporting processes and internal controls. The Audit Committee comprises and will continue to comprise exclusively of Independent non-executive Directors in accordance with the requirements of the CG Code set out in Appendix 14 of the Main Board Listing Rules. The Group's audited consolidated results for the year ended 31 March 2016 have been reviewed by the Audit Committee, which was of the opinion that such financial statements complied with the applicable accounting standards and that adequate disclosures have been made.

PUBLICATION OF RESULTS ANNOUNCEMENT AND DESPATCH OF ANNUAL REPORT

The annual results announcement is published on the websites of the Stock Exchange at (www.hkexnews.hk) and the Company at (www.XHNmedia.com). The 2015/16 annual report containing all the information required by the Main Board 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, 22 June 2016

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. Yan Liang and Mr. Wen Xin Nian; and three independent non-executive directors, namely, Mr. Wang Qi, Mr. Tsang Chi Hon and Mr. Ho Hin Yip.