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 2016

RESULTS

The board of directors (the "Board") of Xinhua News Media Holdings Limited (the "Company") announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 September 2016. These condensed consolidated interim financial statements have not been audited, but have been reviewed by the Company's audit committee.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2016

		For the six months ended 30 September	
		2016	2015
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Revenue	*3*	**166,740**	153,614
Other income and gains	*4*	**1,563**	825
Staff costs		**(119,391)**	(110,073)
Depreciation and amortisation	*6*	**(2,273)**	(5,550)
Other operating expenses		**(47,759)**	(41,653)
Finance costs	*5*	**(18)**	(25)
Share of profit of an associate		**59**	6
Loss before tax	*6*	**(1,079)**	(2,856)
Income tax expenses	*7*	**(381)**	(176)
Loss for the period		**(1,460)**	(3,032)

	Note	For the six months ended 30 September **2016** (Unaudited) *HK$'000*	2015 (Unaudited) *HK$'000*
Other comprehensive loss			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations, net of tax		**(469)**	(507)
Total comprehensive loss for the period		**(1,929)**	(3,539)
Loss attributable to:			
Owners of the Company		**(1,618)**	(2,801)
Non-controlling interests		**158**	(231)
		(1,460)	(3,032)
Total comprehensive loss attributable to:			
Owners of the Company		**(1,846)**	(3,076)
Non-controlling interests		**(83)**	(463)
		(1,929)	(3,539)
Loss per share attributable to ordinary equity holders of the Company			
Basic and diluted	*8*	**HK$(0.0012)**	HK$(0.0020)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2016

	Notes	30 September 2016 (Unaudited) HK$'000	31 March 2016 (Audited) HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**21,516**	23,059
Intangible assets	*9*	**9,494**	10,269
Investment in an associate		**789**	730
Total non-current assets		**31,799**	34,058
Current assets			
Inventories		**486**	308
Amount due from an associate		**–**	240
Trade receivables	*10*	**48,608**	45,551
Prepayments, deposits and other receivables	*11*	**43,601**	46,801
Pledged time deposits	*12*	**2,027**	2,025
Cash and cash equivalents		**64,304**	55,744
Total current assets		**159,026**	150,669
LIABILITIES			
Current liabilities			
Trade payables	*13*	**9,997**	5,914
Other payables and accrued liabilities		**35,612**	32,254
Finance lease payables		**378**	371
Tax payable		**409**	413
Total current liabilities		**46,396**	38,952
Net current assets		**112,630**	111,717
Total assets less current liabilities		**144,429**	145,775

	30 September 2016 (Unaudited) *HK$'000*	31 March 2016 (Audited) *HK$'000*
Non-current liabilities		
Loans from a director	**6,223**	6,417
Finance lease payables	**648**	838
Provision for long service payments	**5,183**	3,850
Deferred income	**4,514**	4,880
Total non-current liabilities	**16,568**	15,985
Net assets	**127,861**	129,790
CAPITAL AND RESERVES		
Share capital	**13,675**	13,675
Reserves	**118,077**	119,923
Equity attributable to owners of the Company	**131,752**	133,598
Non-controlling interests	**(3,891)**	(3,808)
Total equity	**127,861**	129,790

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements for the six months ended 30 September 2016 ("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 2016, except for the adoption of certain new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (which include all HKFRSs, HKASs and Interpretations) that are adopted for the first time for the current period's Financial Statements as disclosed in note 2 below.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

In the current period, the Group has applied for the first time, the following new and revised standards, amendments and interpretations ("new HKFRS") issued by the HKICPA, which are effective for the Group's financial period beginning on 1 April 2016. A summary of the new HKFRSs are set out as below:

HKFRS 14	Regulatory Deferral Accounts
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception

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 any new HKFRSs that have been issued but are not yet effective for the current accounting period.

3. OPERATING SEGMENT INFORMATION

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

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

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

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

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

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 are measured consistently with the Group's loss before tax except that interest income, share of profit of an associate, fair value change on financial asset, 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 inter-segment 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 2016				
	Cleaning and related services (Unaudited) *HK$'000*	Television screen broadcast business (Unaudited) *HK$'000*	Medical waste treatment (Unaudited) *HK$'000*	Waste treatment (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000*
Segment revenue:					
Service income from external customers	**160,363**	**–**	**6,326**	**51**	**166,740**
Other income and gains	**55**	**–**	**221**	**–**	**276**
Total	**160,418**	**–**	**6,547**	**51**	**167,016**
Segment results	**8,776**	**(5,979)**	**1,988**	**(973)**	**3,812**
Reconciliation:					
Interest income					**568**
Share of results of an associate					**59**
Unallocated income					**719**
Unallocated expenses					**(6,219)**
Finance costs					**(18)**
Loss before tax					**(1,079)**
Income tax expenses					**(381)**
Loss for the period					**(1,460)**

	For the six months ended 30 September 2015				
	Cleaning and related services (Unaudited) *HK$'000*	Television screen broadcast business (Unaudited) *HK$'000*	Medical waste treatment (Unaudited) *HK$'000*	Waste treatment (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000*
Segment revenue:					
Service income from external customers	140,636	7,500	5,447	31	153,614
Other income and gains	41	–	235	–	276
Total	140,677	7,500	5,682	31	153,890
Segment results	5,937	739	312	(980)	6,008
Reconciliation:					
Interest income					549
Share of results of an associate					6
Unallocated expenses					(9,394)
Finance costs					(25)
Loss before tax					(2,856)
Income tax expenses					(176)
Loss for the period					(3,032)

4. OTHER INCOME AND GAINS

	For the six months ended 30 September	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest income	**568**	549
Amortisation of deferred income	**221**	235
Dividend income from an associate	**720**	–
Net gain on disposal of property, plant and equipment	**9**	–
Management fee received	**30**	30
Sundry income	**15**	11
	1,563	825

5. FINANCE COSTS

	For the six months ended 30 September	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest on finance leases	**18**	25

6. LOSS BEFORE TAX

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

	For the six months ended 30 September	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Cost of services rendered	**143,353**	124,586
Depreciation	**1,804**	1,484
Amortisation of intangible assets	**469**	4,066
Loss on disposal of property, plant and equipment	**–**	23

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 (30 September 2015: Nil).

The corporate income tax has been provided for subsidiaries in the People's Republic of China (the "PRC") based on assessable profits arising in the PRC during the period. Subsidiaries located in the PRC are subject to the PRC corporate income tax at a rate of 25% (30 September 2015: 25%) on its assessable profits.

	For the six months ended 30 September	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current tax		
Hong Kong	**–**	–
The PRC	**381**	176
	381	176

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 30 September 2016 would not be distributed in the foreseeable future.

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

The calculation of basic loss per share is based on the loss for the period attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 1,367,486,040 (2015: 1,367,486,040) in issue during the period.

No adjustment has been made to the basic loss per share amounts presented for the six months ended 30 September 2016 and 2015 in respect of a dilution as the impact of the share options and warrants outstanding had an anti-dilutive effect on the basic loss per share amounts presented. The diluted loss per share was the same as the basic loss per share.

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

	For the six months ended 30 September	
	2016	2015
	(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	**(1,618)**	(2,801)

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

9. INTANGIBLE ASSETS

	Medical waste treatment *HK$'000*	Free right *HK$'000*	Total *HK$'000*
Cost			
At 31 March 2016 (Audited)	33,455	151,286	184,741
Exchange realignment	(1,014)	–	(1,014)
At 30 September 2016 (Unaudited)	32,441	151,286	183,727
Accumulated amortisation and impairment			
At 31 March 2016 (Audited)	23,186	151,286	174,472
Amortisation during the period	469	–	469
Exchange realignment	(708)	–	(708)
At 30 September 2016 (Unaudited)	22,947	151,286	174,233
Carrying amount			
At 30 September 2016 (Unaudited)	**9,494**	**–**	**9,494**
At 31 March 2016 (Audited)	10,269	–	10,269

10. TRADE RECEIVABLES

	30 September 2016 (Unaudited) ***HK$'000***	31 March 2016 (Audited) *HK$'000*
Trade receivables	**78,608**	75,551
Less: Impairment loss recognised on trade receivables	**(30,000)**	(30,000)
	48,608	45,551

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.

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:

	30 September 2016 (Unaudited) *HK$'000*	31 March 2016 (Audited) *HK$'000*
Within 30 days	**26,692**	26,066
31 to 60 days	**16,905**	14,325
61 to 90 days	**4,319**	4,192
91 to 120 days	**181**	429
Over 120 days	**511**	539
	48,608	45,551

11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 September 2016 (Unaudited) *HK$'000*	31 March 2016 (Audited) *HK$'000*
Prepayments	**2,018**	4,589
Deposits	**3,643**	4,772
Other receivables *(note)*	**37,940**	37,440
	43,601	46,801

At 30 September 2016, included in other receivables was a loan receivable amount to approximately HK$18,000,000 (31 March 2016: approximately HK$18,000,000) and compensation for liquidated damages under remedial agreement amount to approximately HK$16,800,000 (31 March 2016: approximately HK$16,800,000). 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 negotiation for the extension of the repayment date of the loan is being taken place. The compensation for liquidated damages under remedial agreement was a liquidated damages from Xinhua News Agency Asia-Pacific Regional Bureau Limited ("APRB"), which is our substantial shareholder and a connected party of the Company, under the further undertaking of the cooperation agreement. As at the date of this announcement, our Company is in negotiation with APRB for the details of the settlement.

12. 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$2,027,000 (31 March 2016: HK$2,025,000), and the building of a related company which is controlled by a director of the Company.

13. TRADE PAYABLES

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

	30 September 2016 (Unaudited)	31 March 2016 (Audited)
	HK$'000	*HK$'000*
Within 30 days	**5,337**	5,309
31 to 60 days	**4,378**	76
61 to 90 days	**–**	60
Over 90 days	**282**	469
	9,997	5,914

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 2016 amounted to approximately HK$166,740,000 (30 September 2015: HK$153,614,000) represented a 8.5% increase as compared to the same period last year. The loss of the Group for the six months ended 30 September 2016 was approximately HK$1,460,000 (30 September 2015: HK$3,032,000). Cleaning and related services business made a profit of approximately HK$8,776,000, the medical waste treatment business made a profit of approximately HK$1,988,000, the waste treatment business make a loss of approximately HK$973,000 and the television screen broadcast business made a loss of approximately HK$5,979,000.

Financial Review

As at 30 September 2016, the Group's cash and cash equivalents and pledged time deposits totalled approximately HK$66,331,000 (31 March 2016: HK$57,769,000) and its current ratio was 3.43 (31 March 2016: 3.87). The Group's net assets were approximately HK$127,861,000 (31 March 2016: HK$129,790,000).

As at 30 September 2016, the Group did not have any bank borrowings but the Group has finance lease payables and loans from a director of approximately HK$1,026,000 and HK$6,223,000 respectively (31 March 2016: HK$1,209,000 and HK$6,417,000) and therefore, its gearing ratio, representing ratio of finance lease payables and loans from a director to shareholders' equity was 5.7% (31 March 2016: 5.9%). The Group's shareholders' equity amounted to approximately HK$127,861,000 as at 30 September 2016 (31 March 2016: HK$129,790,000).

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

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

As at 30 September 2016, the Group's banking facilities were secured by the pledge of certain Group's time deposits amounting to approximately HK$2,027,000 (31 March 2016: HK$2,025,000).

Business Review

Television screen broadcast business

In the past six months, the Group continues to experience adverse macro-economic conditions in the advertising space. The decrease in total number of mainland visitors has had significant impact on the retail sector. As a result, this has had a direct negative impact in the retail advertising space, in particular, the LED advertising space. Furthermore, the recent trend of mobile advertising has shifted the attention away from tradition forms of advertising. Thus, the Group continues to experience a sharp decrease in potential advertising revenue relative to the high fixed costs of LED screen rental.

The Group has been in continued discussions with APRB in relation to the treatment of the shortfall of the further undertaking. Discussions are still ongoing and are concentrated on the options, timing, and methods of repayment. The Group expects to come to an agreement with APRB in the near future.

Despite the aforementioned difficulties, the Group will continue to take an opportunistic approach to further explore investment and partnership opportunities in this space.

Cleaning and Related Services

Labour force is the life-blood of cleaning services. Hong Kong population ageing resulting in the strained labour supply makes it imperative for the Group to define our human resource recruitment strategies. The Group has thus introduced different measures to attract and retain new arrivals, ethnic minorities and people with disabilities to join our workforce and we have achieved results to a certain degree.

During the reporting period, the Group was able to attain steady growth in the business. We were able to renew two 2-year contracts for warewash and general cleaning services with a leading flight kitchen as well as to successfully bid for two new contracts for the same services for their Phase 2 development which was completed and put into operation in the fourth quarter of 2016.

Several major contracts were renewed during the period including three for two renowned shopping arcades and one Grade-A office building in Causeway Bay and Kowloon Bay.

Our co-operation with a hospital management establishment in the provision of external wall, window glazing and overhead facility cleaning, some of the works having to be carried out during unsocial hours, continued. In the past 6 months, cleaning of external wall of 2 hospitals, one being the biggest in Hong Kong, was completed on schedule and to the satisfaction of that management establishment and the hospitals. Our effort in extending our services to hospitals and sanatoriums is taking shape.

In early 2016, the Group came into association with one of the biggest low-rise housing developments in Tai Po in providing periodic cleaning and removal of undergrowth of slopes, water-catchers and various landscaped area. All these works call for stringent safety management and special briefing had been given to the service teams assigned as regards safety and health at work.

Series of stone care and maintenance products formulated and manufactured by our Italian business partner continued to derive high appraisal in the market. This was evidenced by the sale volume.

During the period, Faber China Limited, an associate of the Group which business was in the trading of professional cleaning products and marble-care products, ceased business.

To thrive in an increasingly competitive environment, we must keep abreast with the latest pest management technologies and the pesticides to be employed which will cause minimum impact to the environment but carry effective extermination results. This is a trend in the industry. For this reason, our Technical Manager has been assigned to join forums held overseas- Australia, South Korea and elsewhere so that we are well in pace with the contemporary treatment skills and products.

Medical wastes treatment business

The Group operates two medical treatment plants in the PRC, one in Siping City and the other in Suihua City. Both are operating smoothly during the reporting period.

Waste treatment business

The Group is continuing in looking for suitable options in respect of this investment

Prospects

Television screen broadcast business

The Group still holds exclusive broadcasting rights granted by APRB for the duration of another four and half years. The Group also holds contracts to several high profile LED locations such as Hung Hom Train Station and KTT train. The Group still value these investments as a solid foundation in which to build upon.

In the New Calendar Year, the Group will start to explore and to expand into other areas of businesses such as newspapers, magazines, 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 will continue to take a prudent and opportunistic approach when targeting future potential investments in the advertising space.

Cleaning and related business

The unexpected result of referendum in Britain to exit from the European Union; the surprised outcome of the United States' presidential election and the possible end of the low interest rate era in the near future have been causes for concern. The impact remains to be seen. As for the macro picture, we believe that Hong Kong will still benefit from Mainland's financial market liberalisation.

Hong Kong will face many challenges but also opportunities in the period ahead. Nonetheless, given our viable and stable workforce; long established confidence and association with many of our major customers; our standing in the sector and most important, our reliable and efficient services, we are confident that the Group will be able to moderately expand our market share in the coming year.

Interim Dividend

The Board does not recommend the payment of any dividend to shareholders for the six months ended 30 September 2016 (30 September 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 approximately HK$16,091,000 (31 March 2016: HK$16,824,000) 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$8,471,000 as at 30 September 2016 (31 March 2016: HK$6,686,000). 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$5,183,000 (31 March 2016: HK$3,850,000) in respect of such payments has been made in the condensed consolidated statement of financial position as at 30 September 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 30 September 2016 and 31 March 2016.

Employees and Remuneration Policies

The total number of employees of the Group as at 30 September 2016 was 1,695 (31 March 2016: 1,609). Total staff costs, including Directors' emoluments and net pension contributions, for the period under review amounted to HK$119,391,000 (30 September 2015: HK$110,073,000). 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 has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2016.

Share Options

The Board granted a total of 80,675,400 share options on 29 September 2016 to eight Directors and a number of employees (the "Grantees"), to subscribe for a total number of 80,675,400 ordinary shares of HK0.01 each in the capital of the Company under the share option scheme adopted by the Company on 25 September 2015 (the "Share Option Scheme").

In accordance with Rule 17.06A of the Main Board Listing Rules, the details of the share options are as follows: 1.) Date of grant: 29 September 2016; 2.) Exercise price of the share options granted: HK$0.1882 per share (not less than the highest of (i) the closing price of HK0.186 as stated in the Stock Exchange's daily quotations sheet on the date of grant; (ii) the average closing price of HK$0.1882 per share as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of HK0.01 per share; 3.) Number of share options granted: an aggregated of 80,675,400 share options each entitling the holder thereof to subscribed for one share at the exercise price mentioned above; and 4.) Validity period of the share options: from the date of grant to 28 September 2026 (both dates inclusive).

Among the options granted, our executive Directors, Mr. Ju Mengjen, Mr. Lo Kou Hong, Mr. David Wei Ji, and Mr. Wen Xin Nian each was granted 13,674,000 share options. Our executive Director and substantial shareholders, Mr. Yu Guang, was granted 1,367,400 share options. Our independent non-executive Directors, Mr. Wang Qi, Mr. Tsang Chi Hon and Mr. Ho Hin Yip each was granted 1,367,000 share options.

Each grant of the options to the Directors (and associate of the substantial shareholders of the Company), and the chief executives of the Company was approved by the independent non-executive Directors in accordance with Rule 17.04 of the Main Board Listing Rules, save that each of the independent non-executive Directors has abstained from approving the resolution relating to the grant of options to himself.

Save as disclosed above, none of the grantees is a Director, a chief executive or a substantial shareholder of the Company or any of their respective associate(s) (as defined in the Main Board Listing Rules).

CHANGE IN DIRECTORS' INFORMATION

Changes in the composition of the Board and Board committees during the six months ended 30 September 2016 were as follows:

Mr. Yan Liang resigned as an executive Director and a member of the strategy and development committee and corporate governance committee under the Board with effect from 8 July 2016.

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 six months ended 30 September 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. Under the six months period under review, 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. Tsang Chi Hon, the independent non-executive Director, could not attend the annual general meeting of the Company held on 30 September 2016 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.

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 unaudited consolidated results for the six months ended 30 September 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 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 2016 interim report containing all the information required by the Main Board 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
Co-chairman

Hong Kong, 30 November 2016

As at the date of this announcement, the Board comprises five executive directors, namely, Mr. Ju Mengjun, Dr. Lo Kou Hong, Mr. Yu Guang, Mr. David Wei Ji, and Mr. Wen Xin Nian; and three independent non-executive directors, namely, Mr. Wang Qi, Mr. Tsang Chi Hon and Mr. Ho Hin Yip.