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 2017

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 2017. 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 2017

		For the six months ended 30 September	
		2017	2016
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Revenue	*3*	**172,899**	166,740
Other income and gains	*4*	**977**	1,563
Staff costs		**(123,246)**	(119,391)
Depreciation and amortisation	*6*	**(2,329)**	(2,273)
Other operating expenses		**(55,007)**	(47,759)
Finance costs	*5*	**(31)**	(18)
Share of results of an associate		**(1)**	59
Loss before income tax	*6*	**(6,738)**	(1,079)
Income tax expenses	*7*	**(876)**	(381)
Loss for the period		**(7,614)**	(1,460)

	Note	For the six months ended 30 September **2017** **(Unaudited)** ***HK$'000***	2016 (Unaudited) *HK$'000*
Other comprehensive income/(loss)			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations, net of tax		**631**	(469)
Total comprehensive loss for the period		**(6,983)**	(1,929)
(Loss)/profit attributable to:			
Owners of the Company		**(7,775)**	(1,618)
Non-controlling interests		**161**	158
		(7,614)	(1,460)
Total comprehensive (loss)/income attributable to:			
Owners of the Company		**(7,464)**	(1,846)
Non-controlling interests		**481**	(83)
		(6,983)	(1,929)
Loss per share attributable to owners of the Company	*8*		
Basic and diluted		**HK$(0.0055)**	HK$(0.0012)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2017

	Notes	30 September 2017 (Unaudited) HK$'000	31 March 2017 (Audited) HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**20,084**	18,990
Intangible assets	*9*	**8,734**	8,757
Investment in an associate		**3**	4
Total non-current assets		**28,821**	27,751
Current assets			
Inventories		**478**	326
Trade receivables	*10*	**52,423**	46,914
Prepayments, deposits and other receivables	*11*	**46,958**	46,115
Pledged time deposits	*12*	**2,041**	2,035
Cash and cash equivalents		**61,324**	54,746
Total current assets		**163,224**	150,136
LIABILITIES			
Current liabilities			
Trade payables	*13*	**10,382**	9,791
Other payables and accrued liabilities		**33,877**	30,070
Amount due to an associate		**4**	4
Finance lease payables		**524**	384
Tax payable		**595**	585
Total current liabilities		**45,382**	40,834
Net current assets		**117,842**	109,302
Total assets less current liabilities		**146,663**	137,053

	30 September 2017 (Unaudited) *HK$'000*	31 March 2017 (Audited) *HK$'000*
Non-current liabilities		
Loans from a director	**6,282**	6,035
Finance lease payables	**764**	454
Provision for long service payments	**7,432**	5,922
Deferred income	**4,116**	4,166
Total non-current liabilities	**18,594**	16,577
Net assets	**128,069**	120,476
EQUITY		
Equity attributable to owners of the Company		
Share capital	**14,449**	13,675
Reserves	**116,589**	110,251
	131,038	123,926
Non-controlling interests	**(2,969)**	(3,450)
Total equity	**128,069**	120,476

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 2017 ("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 2017, 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 interim period, the Group has applied, for the first time, the following amendments to HKFRSs issued by HKICPA, which are effective and relevant to the Group's financial period beginning on 1 April 2017. A summary of the amended HKFRSs are set out as below:

Amendments to HKAS 7	*Disclosure Initiative*
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*
Amendments to HKFRS 12 included in *Annual Improvements 2014-2016 Cycle*	*Disclosure of Interest in Other Entities*

The application of the above amended 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 income tax. The adjusted loss before income tax are measured consistently with the Group's loss before income tax except that interest income, share of results of an associate, impairment loss recognised in profit or loss in respect of intangible assets, finance costs and unallocated head office and corporate expenses are excluded from such measurement.

Segment assets exclude investment in 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, amount due to an associate, 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 2017				
	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	**164,960**	**–**	**7,871**	**68**	**172,899**
Other income and gains	**40**	**–**	**283**	**74**	**397**
Total	**165,000**	**–**	**8,154**	**142**	**173,296**
Segment results	**5,573**	**(5,326)**	**2,807**	**(1,132)**	**1,922**
Reconciliation:					
Interest income					**580**
Share of results of an associate					**(1)**
Unallocated expenses					**(9,208)**
Finance costs					**(31)**
Loss before income tax					**(6,738)**
Income tax expenses					**(876)**
Loss for the period					**(7,614)**

	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 income tax					(1,079)
Income tax expenses					(381)
Loss for the period					(1,460)

4. OTHER INCOME AND GAINS

	For the six months ended 30 September	
	2017	2016
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest income	**580**	568
Amortisation of deferred income	**218**	221
Dividend income from an associate	**–**	720
Net gain on disposal of property, plant and equipment	**–**	9
Management fee received	**30**	30
Sundry income	**149**	15
	977	1,563

5. FINANCE COSTS

	For the six months ended 30 September	
	2017	2016
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest on finance leases	**31**	18

6. LOSS BEFORE INCOME TAX

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

	For the six months ended 30 September	
	2017	2016
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Cost of services rendered	**155,355**	143,353
Depreciation of property, plant and equipment	**1,864**	1,804
Amortisation of intangible assets	**465**	469
Loss on written off of property, plant and equipment	**25**	–

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 2016: 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 2016: 25%) on their assessable profits.

	For the six months ended 30 September	
	2017	2016
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current tax		
Hong Kong	**–**	–
The PRC	**876**	381
	876	381

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 2017 would not be distributed in the foreseeable future.

8. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic loss per share is based on the loss for the period attributable to owners of the Company, and the weighted average number of ordinary shares of 1,412,452,013 (30 September 2016: 1,367,486,040) in issue during the period.

The diluted loss per share is the same as the basis loss per share for the six months ended 30 September 2017 and 2016 because the Company's share option outstanding during these periods was anti-dilutive.

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

	For the six months ended 30 September	
	2017	2016
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Loss		
Loss attributable to owners of the Company used in the basic and diluted loss per share calculation	**(7,775)**	(1,618)

	Number of shares	
	2017	2016
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted loss per share calculation	**1,412,452,013**	1,367,486,040

9. INTANGIBLE ASSETS

	Medical waste treatment *HK$'000*	Free right *HK$'000*	Total *HK$'000*
Cost			
At 31 March 2017 (Audited)	31,464	151,286	182,750
Additions	88	–	88
Exchange realignment	1,285	–	1,285
At 30 September 2017 (Unaudited)	**32,837**	**151,286**	**184,123**
Accumulated amortisation and impairment			
At 31 March 2017 (Audited)	22,707	151,286	173,993
Amortisation during the period	465	–	465
Exchange realignment	931	–	931
At 30 September 2017 (Unaudited)	**24,103**	**151,286**	**175,389**
Carrying amount			
At 30 September 2017 (Unaudited)	**8,734**	**–**	**8,734**
At 31 March 2017 (Audited)	8,757	–	8,757

10. TRADE RECEIVABLES

	30 September 2017 (Unaudited) *HK$'000*	31 March 2017 (Audited) *HK$'000*
Trade receivables	**84,123**	78,614
Less: Impairment loss recognised on trade receivables	**(31,700)**	(31,700)
	52,423	46,914

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 the 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 2017 (Unaudited) *HK$'000*	31 March 2017 (Audited) *HK$'000*
Within 30 days	**26,984**	29,699
31 to 60 days	**17,199**	13,605
61 to 90 days	**6,123**	3,145
91 to 120 days	**325**	47
Over 120 days	**1,792**	418
	52,423	46,914

11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 September 2017 (Unaudited) *HK$'000*	31 March 2017 (Audited) *HK$'000*
Prepayments	**3,948**	2,260
Deposits	**3,828**	4,948
Other receivables *(Note)*	**39,182**	38,907
	46,958	46,115

At 30 September 2017, included in other receivables was a loan receivable amounted to approximately HK$18,000,000 (31 March 2017: approximately HK$18,000,000) and compensation for liquidated damages under remedial agreement amounted to approximately HK$16,800,000 (31 March 2017: 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. The Group had multiple communications in request for a full settlement. As of the date of this announcement, the Group has issued a demand letter to request the full settlement of all outstanding amount. The compensation for liquidated damages under remedial agreement was a liquidated damages from Xinhua News Agency Asia-Pacific Regional Bureau Limited ("APRB"), which is a substantial shareholder and a connected party of the Company, under the further undertaking of the cooperation agreement. As at the date of this announcement, the Company is still in negotiation with APRB in order to finalise 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$2,041,000 (31 March 2017: HK$2,035,000), 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 2017 (Unaudited) ***HK$'000***	31 March 2017 (Audited) *HK$'000*
Within 30 days	**5,852**	5,843
31 to 60 days	**4,255**	3,662
61 to 90 days	**–**	–
Over 90 days	**275**	286
	10,382	9,791

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 six months ended 30 September 2017 amounted to approximately HK$172,899,000 (30 September 2016: HK$166,740,000) represented a 3.7% increase as compared to the same period last year. The loss of the Group for the six months ended 30 September 2017 was approximately HK$7,614,000 (30 September 2016: HK$1,460,000). Cleaning and related services business made a profit of approximately HK$5,573,000, the medical waste treatment business made a profit of approximately HK$2,807,000, the waste treatment business make a loss of approximately HK$1,132,000 and the television screen broadcast business made a loss of approximately HK$5,326,000.

Financial Review

As at 30 September 2017, the Group's cash and cash equivalents and pledged time deposits totalled approximately HK$63,365,000 (31 March 2017: HK$56,781,000) and its current ratio was 3.60 (31 March 2017: 3.68). The Group's net assets were approximately HK$128,069,000 (31 March 2017: HK$120,476,000).

As at 30 September 2017, the Group did not have any bank borrowings but the Group has finance lease payables and loans from a director of approximately HK$1,288,000 and HK$6,282,000 respectively (31 March 2017: HK$838,000 and HK$6,035,000) and therefore, its gearing ratio, representing ratio of finance lease payables and loans from a director to shareholders' equity was 5.9% (31 March 2017: 5.7%). The Group's shareholders' equity amounted to approximately HK$128,069,000 as at 30 September 2017 (31 March 2017: HK$120,476,000).

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$") dollars, whereas those of the medical waste treatment business, and waste treatment business are transacted in Renminbi ("RMB"). The Group's cash and bank balances are primarily denominated in HK$, 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 2017, the Group's banking facilities were secured by the pledge of certain Group's time deposits amounting to approximately HK$2,041,000 (31 March 2017: HK$2,035,000), and the building of a related company which is controlled by a director of the Company.

Business Review

Television screen broadcast business

During the past six months, the Group continued to face adverse marco-economic conditions in the advertising space let by the continuous trend of mobile advertising. The Group ended contracts of the LED screen located at Millennium Plaza in Sheung Wan and of the LED screens located Hung Hom Station with MTR Corporation. The remaining group of LED screens which includes the KTT Train with MTR corporation continues to run smoothly as it still provides a valuable platform for the Group to build around.

In regards to the remedial agreement with Xinhua News Agency Asia-Pacific Regional Bureau Limited ("APRB"), the Group has been and is in continuous discussions in regards to the receivable amount as a result of the further undertaking. Discussions are still ongoing and the Group expects to come to an amicable agreement with APRB in the coming months. The Group will make an announcement as and when appropriate.

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

The sustained labour shortage is still confronting most of the employers in Hong Kong. Hong Kong has been on the threshold of a greying population as a result of sprinkling fertility rate, skills mismatch and perhaps succession. There is so far no way to be sure how long the shortage will last nor would there be any immediate remedies. A manpower shortfall will continue in the next few years, warned some HR consultants. This is a pressing issue that we cannot afford to ignore.

During the period under review, the Group, notwithstanding a combination of challenges, was able to achieve steady growth. Several significant contracts were renewed for terms ranging from one year to three years with our clients, including a Hong Kong based flight kitchen, which is one of the biggest in the world, two top-notch office buildings in Central, two housing estates of relatively large scale in Tung Chung and Yuen Long and one prestigious residential estate on Island South.

Some new contracts were also secured including that for the biggest housing estate in Lantau for a fixed term of three years with an option to renew for another three.

The Group has been renowned for its expertise to provide high-level and external wall cleaning via gondolas and other high-level access equipment. Other than rendering curtain wall cleaning for several commercial and shopping developments on contract basis, the Group acquired an external wall cleaning contract for a low-rise premier residential development on the Peak. The work had to be completed under a compressed time frame and in a rigid working environment, which encompassed proper protection of landscape gardening, strict restrictions on disturbing noises and working hours as well as the occasional gusts of strong winds. Through the effort of our service teams, the work was completed well on schedule.

Series of stone care and maintenance products from Italy, for which the Group is the sole agent in Hong Kong, Macau and the Mainland, enjoyed their successive popularity in the market. A long term contract was signed with a listed company to provide these products for the regular maintenance and care of the stone fittings in their flagship shopping mall in West Kowloon.

Progress of the pest control business was also at a steady pace. As an effort of launching our corporate social responsibility, the Group's Technical Manager of this department, at the requests of some owners' corporations and social organizations, provided to their members courses in terms of basic knowledge of destructive pests which are perceived to be detrimental to humans' health. Methods of elimination and extermination approaches adopted by the professional service sector were also introduced during the course.

This year the Group was again nominated for the award of a “Caring Company Logo” launched by The Hong Kong Council of Social Service for our performance in “employee friendly” and “caring for the environment”.

Medical waste treatment business

As to the medical waste treatment business, the two medical waste treatment plants of the Group located in Siping City and Suihua City in PRC, continued to operate smoothly throughout the period under review.

Waste treatment business

The Group is seeking various options in respective of this investment during the period under review.

Prospects

Television screen broadcast business

The Group still holds exclusive broadcasting news rights of APRB for another three and half years. The Group will leverage this asset as a platform to build off of. Additionally, the Group expects to settle several of the Group’s receivables in the coming months. This will provide the Group with additional sources of funding that will enable the Group to take a more aggressive approach in its growth plans. As mentioned in the past, the Group still plans to grow through potential acquisitions and possible partnerships. As always, the Group will take a prudent but opportunistic approach when considering potential investments.

Cleaning and related services

To combat the challenging environment and to maintain a viable workforce to meet the ever growing demands for high service standard of our customers, the Group will constantly review our staff fringe benefits and retention programs, step up the efficiency and capability of our service teams and adjust our management philosophy to cope with the market variances to-day.

Opportunities come with challenges. Through decades of exertion, the Group has developed a prominent position in the market and obtained the confidence of customers. We maintain an optimistic outlook for the expansion of our market share in the period ahead.

While striving for sustainable and holistic development, safety must be stressed. It cannot be emphasised any stronger the importance of good safety records which would reflect premium payable on the compulsory liabilities insurance required. We are determined to uphold these safety records.

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 that the medical waste treatment business segment will continue to bring in revenue to the Group in the future.

Interim Dividend

The Board does not recommend the payment of any dividend to shareholders for the six months ended 30 September 2017 (30 September 2016: 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$11,325,000 (31 March 2017: HK$13,826,000) 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$12,027,000 as at 30 September 2017 (31 March 2017: HK$9,605,000). 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$7,432,000 (31 March 2017: HK$5,922,000) in respect of such payments has been made in the condensed consolidated statement of financial position as at 30 September 2017.

(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 2017 and 31 March 2017.

(d) In November 2017, a former employee of the Company lodged a claim against the Company and claimed for losses and damages for approximately HK$150,000. After considering the amount of the loss and damage claimed by such former employee, the directors of the Company are of the opinion that it would not materially affect the financial position of the Group.

(e) As disclosed in the announcements of the Company dated 18 October 2017 and 10 November 2017, the Company is currently subject to two legal proceedings initiated by a shareholder of the Company. As the nature of the plaintiff's claims are mainly non-monetary rather than liquidated damages, the directors of the Company are still in the course of assessing the potential impact on the financial position of the Group.

Events subsequent to the reporting period

1. On 17 October 2017, the Company received an originating summons taken out by Brave Venture Limited against the Company, all directors of the Company at that time and the secretary of the Company seeking relief, among other things, a declaration from the Court in relation to the adjournment/withdrawal of proposed resolutions scheduled to be considered at the annual general meeting of the Company on 29 September 2017 are invalid, void and/or of no effect. Details of the said originating summons can be found in the announcement of the Company dated 18 October 2017;

2. On 20 October 2017, the adjourned annual general meeting of the Company was held and all the proposed resolutions as set out in the revised notice of the adjourned annual general meeting of the Company dated 6 October 2017 were taken by poll. The poll results can be found in the announcement of the Company dated 20 October 2017; and

3. On 10 November 2017, the Company received an originating summons taken out by Brave Venture Limited against the Company, all the current directors of the Company and the former directors of the Company, being Ms. Zhao Jingying and Mr. Wong Hon Kit, making an application for orders in respect of an alleged breach of the order granted by Honourable Madam Justice Mimmie Chan on 12 September 2017 in HCMP 1901/2017. Details of the said originating summons can be found in the announcement of the Company dated 10 November 2017.

Employees and Remuneration Policies

The total number of employees of the Group as at 30 September 2017 was 1,579 (31 March 2017: 1,653). Total staff costs, including directors' emoluments and net pension contributions, for the period under review amounted to approximately HK$123,246,000 (30 September 2016: approximately HK$119,391,000). The Group provides employees with training programmes to equip them with the latest skills and other benefits including share option scheme.

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 2017.

CORPORATE GOVERNANCE

Corporate Governance Practices

The Board is committed to maintaining a high corporate governance standard and procedures to safeguard the interests of the Company's shareholders ("Shareholders") and to enhance accountability and transparency.

The Board recognises the vital importance of 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.

Compliance with Corporate Governance Code of the Main Board Listing Rules

During the six months ended 30 September 2017, 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 throughout the six months period under review, save for the deviations as set out below:

Provision A.4.2 of the CG Code requires that every director appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after appointment. As detailed in the announcement of the Company dated 28 September 2017, the Board considered that it would be beneficial to give the shareholders of the Company to concurrently consider and vote on the proposed resolutions of rotation and re-election of directors, determination of their remuneration and appointment of nominated directors and thus the Board resolved to adjourn the resolutions regarding rotation and re-election of Ms. Zhao Jingying and Mr. Wong Hon Kit to the adjourned annual general meeting of the Company held on 20 October 2017. As such, the Company deviated from the aforesaid provision of the CG Code.

Provision E.1.2 of the CG Code requires the chairman of the board to attend the annual general meeting of the Company and he should also invite the chairman of the audit committee, remuneration committee, nomination committee and any other committees (as appropriate) of the Company to attend. Mr. Ju Mengjun (Co-chairman of the Board and chairman of the nomination committee) was unable to attend the annual general meeting of the Company held on 29 September 2017 due to his other business commitments. Dr. Lo Kou Hong (Co-chairman of the Company) was appointed as the chairman of the aforesaid annual general meeting.

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 2017 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 2017 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
Dr. Lo Kou Hong
Co-chairman

Hong Kong, 30 November 2017

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.