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 2018

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 2018, together with the comparative figures for the year ended 31 March 2017, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2018

	Notes	**2018** ***HK$'000***	2017 *HK$'000*
Revenue	*5*	**349,240**	336,504
Other income and gains	*5*	**2,598**	5,134
Staff costs	*6*	**(250,421)**	(244,778)
Depreciation and amortisation		**(4,840)**	(5,144)
Reversal of/(provision for) impairment of trade receivables	*6,10*	**200**	(1,700)
Provision for impairment of other receivables	*10*	**(18,690)**	–
Other operating expenses		**(114,571)**	(97,461)
Share option scheme expense		**–**	(8,793)
Finance costs	*7*	**(54)**	(33)
Share of results of an associate		**(1)**	58

	Notes	**2018**	2017
		HK$'000	*HK$'000*
Loss before tax	*6*	**(36,539)**	(16,213)
Income tax expenses	*8*	**(2,391)**	(1,015)
Loss for the year		**(38,930)**	(17,228)
Other comprehensive income/(loss), 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		**1,388**	(879)
Total comprehensive loss for the year		**(37,542)**	(18,107)
(Loss)/profit attributable to:			
Owners of the Company		**(39,964)**	(18,033)
Non-controlling interests		**1,034**	805
		(38,930)	(17,228)
Total comprehensive (loss)/income attributable to:			
Owners of the Company		**(39,304)**	(18,465)
Non-controlling interests		**1,762**	358
		(37,542)	(18,107)
Loss per share attributable to owners of the Company			
Basic and diluted	*9*	**HK$(0.0280)**	HK$(0.0132)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2018

	Notes	**2018** *HK$'000*	2017 *HK$'000*
Non-current assets			
Property, plant and equipment		**19,904**	18,990
Intangible assets		**8,706**	8,757
Investment in an associate		**3**	4
Total non-current assets		**28,613**	27,751
Current assets			
Inventories		**332**	326
Trade receivables	*10*	**58,215**	46,914
Prepayments, deposits and other receivables	*10*	**28,227**	46,115
Pledged time deposits	*11*	**2,046**	2,035
Cash and cash equivalents		**44,313**	54,746
Total current assets		**133,133**	150,136
Current liabilities			
Trade payables	*12*	**11,527**	9,791
Other payables and accrued liabilities		**32,935**	30,070
Amount due to an associate		**4**	4
Finance lease payables		**466**	384
Tax payable		**376**	585
Total current liabilities		**45,308**	40,834
Net current assets		**87,825**	109,302
Total assets less current liabilities		**116,438**	137,053

	2018	2017
	HK$'000	*HK$'000*
Non-current liabilities		
Loans from a director	**6,688**	6,035
Finance lease payables	**562**	454
Provision for long service payments	**7,275**	5,922
Deferred income	**4,147**	4,166
Total non-current liabilities	**18,672**	16,577
Net assets	**97,766**	120,476
EQUITY		
Equity attributable to owners of the Company		
Share capital	**14,463**	13,675
Reserves	**84,991**	110,251
	99,454	123,926
Non-controlling interests	**(1,688)**	(3,450)
Total equity	**97,766**	120,476

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands. The registered office address of the Company is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The principal place of business of the Company is located at Room 1401-1405, Nan Fung Tower, 88 Connaught Road Central, Central, Hong Kong.

During the year, the Group was principally engaged in the provision of cleaning and related services, the provision of medical waste treatment service, the provision of waste treatment service and the provision of television screen broadcast business.

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. 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 (the "HKICPA"), accounting principles generally accepted in Hong Kong, the applicable disclosure required by the Hong Kong Company Ordinance and the applicable disclosure provisions of Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Main Board Listing Rules").

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 that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates 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.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The accounting policies adopted in the consolidated financial statements for the year ended 31 March 2018 are consistent with those followed in the preparation of the Group's consolidated statements for the year ended to 31 March 2017 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 2017.

A summary of the new 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 to HKFRSs 2014-2016 Cycle	Disclosure of Interests in Other Entities: Clarification of the Scope of HKFRS 12

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.

The Group has not applied the following new HKFRSs that have been issued but are not yet effective in the consolidated financial statements:

Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers[1]
HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[3]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 40	Transfers of Investment Property[1]
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[2]
Annual Improvements 2014-2016 Cycle	Amendments to HKFRS 1 and HKAS 28[1]
Annual Improvements 2015-2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23[2]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 Effective for annual periods beginning on or after 1 January 2021
4 No mandatory effective date yet determined but available for adoption

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 further amended 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.

- All recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" are 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 accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value 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.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

The directors of the Company (the "Directors") are 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.

HKFRS 15 is effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

The Directors anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

HKFRS 16 – Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 "Leases" and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Under the HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows.

Under HKAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement and prepaid lease payments for leasehold lands where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

The Directors do not anticipate that the application of these will have a material effect on the Group's consolidated financial statements.

Amendments to HKFRS 2 – Classification and Measurement of Share-based Payment Transactions

The amendments clarify the following:

1. In estimating the fair value of a cash-settled share-based payment, the accounting for the effects of vesting and non-vesting conditions should follow the same approach as for equity-settled share-based payments.

2. Where tax law or regulation requires an entity to withhold a specified number of equity instruments equal to the monetary value of the employee's tax obligation to meet the employee's tax liability which is then remitted to the tax authority, i.e. the share-based payment arrangement has a 'net settlement feature', such an arrangement should be classified as equity-settled in its entirety, provided that the share-based payment would have been classified as equity-settled had it not included the net settlement feature.

3. A modification of a share-based payment that changes the transaction from cash-settled to equity-settled should be accounted for as follows:

   i. the original liability is derecognised;

   ii. the equity-settled share-based payment is recognised at the modification date fair value of the equity instrument granted to the extent that services have been rendered up to the modification date; and

iii. any difference between the carrying amount of the liability at the modification date and the amount recognised in equity should be recognised in profit or loss immediately.

The Directors do not anticipate that the application of these will have a material effect on the Group's consolidated financial statements.

The Directors do not anticipate that the application of other new HKFRS will have a material impact on the Group's consolidated financial statements.

4. 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 business 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, 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:

	Cleaning and related services		Television screen broadcast business		Medical waste treatment		Waste treatment		Total	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
	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	**333,473**	323,419	**–**	–	**15,698**	13,015	**69**	70	**349,240**	336,504
Other income and gains	**79**	83	**–**	–	**1,282**	1,317	**76**	2,591	**1,437**	3,991
Total	**333,552**	323,502	**–**	–	**16,980**	14,332	**145**	2,661	**350,677**	340,495
Segment results	**10,586**	12,742	**(10,099)**	(12,157)	**(580)**	4,348	**(2,108)**	50	**(2,201)**	4,983
Reconciliation:										
Interest income									**1,161**	1,143
Share of results of an associate									**(1)**	58
Provision for impairment of other receivables									**(18,690)**	–
Unallocated expenses									**(16,754)**	(22,364)
Finance costs									**(54)**	(33)
Loss before tax									**(36,539)**	(16,213)
Income tax expenses									**(2,391)**	(1,015)
Loss for the year									**(38,930)**	(17,228)
Segment assets	**101,684**	94,369	**28,172**	48,553	**17,302**	20,046	**14,585**	14,915	**161,743**	177,883
Reconciliation:										
Investment in an associate									**3**	4
Total assets									**161,746**	177,887
Segment liabilities	**40,079**	36,256	**4,010**	3,244	**6,330**	5,634	**5,841**	5,400	**56,260**	50,534
Reconciliation:										
Finance lease payables									**1,028**	838
Amount due to an associate									**4**	4
Loans from a director									**6,688**	6,035
Total liabilities									**63,980**	57,411
Other segment information:										
Capital expenditure *(Note)*	**1,205**	1,315	**714**	–	**1,515**	14	**–**	3	**3,434**	1,332
Depreciation and amortisation	**1,522**	1,376	**936**	860	**1,250**	1,069	**1,132**	1,839	**4,840**	5,144
Impairment losses recognised in profit or loss in respect of: Trade receivables	**(200)**	1,700	**–**	–	**–**	–	**–**	–	**(200)**	1,700

Note:

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

Geographical information

(a) *Revenue from external customers*

	2018	2017
	HK$'000	*HK$'000*
Hong Kong	**333,473**	323,419
The People's Republic of China (the "PRC")	**15,767**	13,085
	349,240	336,504

(b) *Non-current assets*

	2018	2017
	HK$'000	*HK$'000*
Hong Kong	**4,729**	5,366
The PRC	**23,884**	22,385
	28,613	27,751

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:

	2018	2017
	HK$'000	*HK$'000*
Customer A	**87,970**	82,226
Customer B	**80,556**	85,211

5. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's revenue, 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:

	Note	**2018** *HK$'000*	2017 *HK$'000*
Revenue			
Cleaning and related service fee income		**333,473**	323,419
Medical waste treatment income		**15,698**	13,015
Waste treatment income		**69**	70
		349,240	336,504
Other income and gains			
Interest income		**1,161**	1,143
Amortisation of deferred income*		**445**	433
Management fee received		**60**	60
Sundry income		**932**	3,498
		2,598	5,134

* 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.

6. LOSS BEFORE TAX

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

	Notes	**2018** **HK$'000**	2017 *HK$'000*
Employee benefit expenses			
(including directors' remuneration)			
Wages, salaries and other benefits		**237,006**	231,044
Retirement benefit scheme contributions		**9,692**	9,449
Provision for long service payments		**1,539**	2,189
Provision for untaken paid leave		**2,184**	2,096
Total employee benefit expenses		**250,421**	244,778
Cost of services rendered*		**304,297**	291,950
Auditors' remuneration			
– Audit service		**770**	1,010
– Non-audit service		**–**	16
Minimum lease payments under operating lease in respect of land and buildings		**4,684**	4,236
Depreciation on owned property, plant and equipment		**3,426**	3,849
Depreciation on leased property, plant and equipment		**468**	375
Amortisation of intangible assets		**946**	920
(Reversal of)/Provision for impairment of trade receivables	*10*	**(200)**	1,700
Provision for impairment of other receivables	*10*	**18,690**	–

* The cost of services rendered included an employee benefit expenses of approximately HK$221,833,000 (2017: HK$215,670,000) incurred in the provision of services which has been included in the employee benefit expenses above.

7. FINANCE COSTS

	2018 **HK$'000**	2017 *HK$'000*
Interest on finance leases	**54**	33

8. INCOME TAX EXPENSES

	2018	2017
	HK$'000	*HK$'000*
Current tax		
Hong Kong	**896**	58
The PRC	**1,495**	957
Tax charge for the year	**2,391**	1,015

For the year ended 31 March 2018 and 31 March 2017, Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the year.

The corporate income tax has been provided for subsidiaries in the PRC based on assessable profits arising in the PRC during the year. Subsidiaries located in 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 is in a position to control the dividend policies of these PRC subsidiaries and it is probable that such difference will not be reversed in the foreseeable future.

9. 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 1,429,446,126 (2017: 1,367,486,040) 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 2018 and 2017 because the Company's share options outstanding during these years were anti-dilutive.

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

	2018	2017
	HK$'000	*HK$'000*
Loss		
Loss attributable to owners of the Company used in the basic and diluted loss per share calculation	**(39,964)**	(18,033)

	Number of shares	
	2018	2017
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted loss per share calculation	**1,429,446,126**	1,367,486,040

10. TRADE RECEIVABLES AND PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Trade receivables	**89,715**	78,614
Less: Impairment loss recognised on trade receivables	**(31,500)**	(31,700)
	58,215	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 management. The Group does not hold any collateral or other credit enhancements over its trade receivables 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, a reversal of impairment loss of approximately HK$200,000 (2017: impairment loss of HK$1,700,000) was recognised on trade receivables.

	2018	2017
	HK$'000	*HK$'000*
Balance at the beginning of the year	**31,700**	30,000
Impairment loss recognised on trade receivables *(Note)*	**–**	1,700
Reversal of impairment loss	**(200)**	–
Amount written off as uncollectible	**–**	–
Balance at the end of the year	**31,500**	31,700

Note:

During the year ended 31 March 2017, an impairment loss of approximately HK$1,700,000 was recognised in the consolidated statement of profit or loss and other comprehensive income. The impaired receivable was related to a customer who was in default in payment for the outstanding balance. The Group has taken legal means to pursue the outstanding balance and the Directors expected that the outstanding balance may not be recovered and therefore provision for impairment was provided.

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:

	2018 HK$'000	2017 HK$'000
Within 30 days	**28,167**	29,699
31 to 60 days	**17,167**	13,605
61 to 90 days	**10,196**	3,145
91 to 120 days	**1,342**	47
Over 120 days	**1,343**	418
	58,215	46,914

Included in the Group's trade receivables balances are debtors with aggregate carrying amount of approximately HK$2,685,000 (2017: HK$465,000) which are past due but not impaired at the end of the reporting period. 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:

	2018 HK$'000	2017 HK$'000
Overdue by:		
1 to 30 days	**1,342**	47
Over 30 days	**1,343**	418
	2,685	465

	2018 HK$'000	2017 HK$'000
Prepayments	**5,590**	2,260
Deposits	**5,212**	4,948
Other receivables	**36,115**	38,907
Less: Impairment recognised on other receivables	**(18,690)**	–
	28,227	46,115

At 31 March 2018, included in other receivables were (i) loan receivable principal amount of HK$18,000,000 (2017: HK$18,000,000); and (ii) compensation for liquidated damages under remedial agreement amount of HK$13,200,000 (2017: HK$16,800,000).

(i) The loan receivable (the "Loan") was advanced to Sheng Tang Petroleum & Chemical Development Limited (the" Borrower"), an independent third party of the Company. The loan is unsecured and receivable on demand. The loan receivable is charged at an interest rate of 6% per annum. As of 31 March 2018, the Loan in the original principal amount of HK$18,000,000, bearing interest at a rate of 6% per annum was outstanding. The Group through multiple communications with the Borrower, including the issuance of two demand letters, has requested the repayment in a full settlement.

On 14 June 2018, the Company agreed and entered into a Repayment Agreement (the "Repayment Agreement") with the Borrower that the Borrower will repay the principal amount together with the outstanding interest pursuant to the loan agreement and the extension agreement in accordance with the following schedule: (i) repayment of HK$3,000,000 upon signing of the Repayment Agreement; (ii) repayment of another HK$3,000,000 on or before 15 June 2018; and (iii) repayment of a sum not less than HK$3,000,000 per every two months commencing from 15 June 2018 and the principal amount and all the outstanding interest shall be fully repaid on or before 13 June 2019. For the avoidance of doubt, the amount payable for the last installment can be less than HK$3,000,000.

Up to the date of this announcement, approximately HK$3,000,000 has been settled by the Borrower. As of the date of this announcement, the second installment of HK$3,000,000 due 15 June 2018 is late and outstanding. As of the date of this announcement, the Company, through its legal representative, has sent another demand letter to request for the repayment of the second installment of HK$3,000,000 to be paid in full.

Based on the current situation and due to the current tardiness of the second installment repayment, the remaining outstanding balance HK$18,690,000 may not be recoverable. As such, it was in the opinion of the Directors to make a provision for impairment for the remaining outstanding balance of the loan.

(ii) The compensation for liquidated damages under the remedial agreement was a liquidated damage from Xinhua News Agency Asia Pacific Bureau Limited ("APRB"), which is our former substantial shareholder of the Company, under the further undertaking of the cooperation agreement.

During the year ended 31 March 2018, APRB provided a letter of undertaking to the Company and undertook that ARPB will settle at least HK$3,000,000 every two months since March 2018. If APRB fails to settle the outstanding amount in accordance to the agreed schedule, 5% per annum interest will be charged to the relevant unsettled instalment.

Up to the date of this announcement, approximately HK$7,200,000 has been settled by APRB.

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$2,046,000 (2017: HK$2,035,000), and a property owned by a related company which is controlled by a director of the Company.

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:

	2018	2017
	HK$'000	*HK$'000*
Within 30 days	**6,163**	5,843
31 to 60 days	**4,798**	3,662
61 to 90 days	**–**	–
Over 90 days	**566**	286
	11,527	9,791

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

13. DIVIDEND

The Directors do not recommend the payment of any dividend to shareholders for the year ended 31 March 2018 (2017: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Results

The Group's revenue for the year ended 31 March 2018 amounted to approximately HK$349,240,000 (2017: HK$336,504,000), a 3.78% increase as compared to the previous year. The loss of the Group was approximately HK$38,930,000 (2017: HK$17,228,000), in which a provision for impairment of other receivables of HK$18,690,000 was made. Cleaning and related services business made a profit of approximately HK$10,586,000, the medical waste treatment business made a loss of approximately HK$580,000 which included the write off of new equipment purchased during the year for HK$5,820,000, the television screen broadcast business made a loss of approximately HK$10,099,000, and the waste treatment business made a loss of approximately HK$2,108,000.

Financial Review

As at 31 March 2018, the Group's cash and cash equivalents and pledged time deposits totaled approximately HK$46,359,000 (2017: HK$56,781,000) and its current ratio was 2.9 (2017: 3.68). The Group's net assets were approximately HK$97,766,000 (2017: HK$120,476,000).

As at 31 March 2018, the Group did not have any bank borrowings but the Group had finance lease payables and loans from a director of approximately HK$1,028,000 and approximately HK$6,688,000 respectively (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 7.9% (2017: 5.7%). The Group's shareholders' equity amounted to approximately HK$97,766,000 as at 31 March 2018 (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 business and television screen broadcast business are transacted in HK$, whereas those of the medical waste treatment business and waste treatment business are transacted in Renminbi ("RMB"). The Group's cash and bank balances are primarily denominated in HK$, 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 2018, the Group's banking facilities were secured by the pledge of certain of the Group's time deposits amounting to approximately HK$2,046,000 (2017: HK$2,035,000) and a property owned by a related company which is controlled by a director of the Group.

Business Review

Television screen broadcast business

In the past business year, the Group has faced major changes in the television screen broadcasting business. The Group formally ended contracts with MTR Corporation in the Hung Hom Station. The Group also formally ended contracts with MTR Corporation in regards to the KTT Through Train. In the end the Group chose not to continue to participate in the renewal and tender process as the Group did not have much success in terms of generating return.

In regards to the remedial agreement with Xinhua News Agency Asia-Pacific Regional Bureau Limited, the Group would like to announce that both have agreed to an amicable agreement with Xinhua News Agency in terms of compensation shortfall. Xinhua News Agency Asia-Pacific Regional Bureau Limited has agreed with the Company to a repayment terms and schedule.

Despite the aforementioned changes, the Group is still committed to build and expand in the broadcasting space. The Group will explore other opportunities through other potential partnerships in the near future.

Cleaning and related services

The bi-yearly revision of the Statutory Minimum Wage (SMW) has increased the hourly rate by 6.5% to HK$34.50 effective from 1 May 2017 which, coupled with its ripple effect, has again pushed up the operation cost. The burden brought about was, however, able to be offset by adjusting our service charges according to the fee mechanisms provided in the contracts.

Labour shortage, largely owing to the gray population, continues to be a challenge to the business. Upgrading our employment terms, fringe benefits and welfares to attract job seekers and maintaining a steady labour force has to be made on an “as-needed” basis and, as a result, our profit margins declined.

During the year under review, several major service contracts were renewed ranging from one year to three years with reasonable adjustments to the contract prices in coping with rising operating costs. For commercial properties, renewed contracts included four in Central, one of which being once the tallest building in Hong Kong, three in Causeway Bay and one in Aberdeen. For residential properties, renewals included one luxury residential development in Island South, two in Tung Chung and one in Yuen Long.

The Group was successful in bidding two new contracts, one for a Grade A commercial building in Wanchai facing the habour and the other for a brand new low-rise housing project in Sai Kung, which was developed by a listed developer with whom the Group has had business co-operation for years.

Of the high-level cleaning, the Group had been able to complete several external wall cleaning contracts during the year under review. They included four commercial buildings in Mongkok, a high-rise apartment estate in Kennedy Road, one low-rise residential development in Deep Water Bay and two government hospitals in Tai Po. Our self-owned mobile gondolas and metal scaffoldings were used in most of these contracts as high-level access equipment, and thus rendering such work more flexible, saving time and cost and putting the Group in a more positive and competitive situation to win contracts in this area.

The Group was again awarded "Caring Company Logo" by the Hong Kong Council of Social Service for its active caring for the employees, community and environment during the year.

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. During the year, the entire set of medical wastes treatment equipment in both of the plants in Siping City and Suihua City were replaced because the old equipment were near the end of their useful lives after ten years of service and at the same time they need to be replaced to meet new environmental standards. The total cost of the new equipment was HK$5,820,000. Otherwise, both plants have been operating smoothly throughout the reporting year.

Waste treatment business

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

Prospects

Television screen broadcast business

In the coming year, the Group plans to diversify into a wider service supply chain, new commercial areas and broadcasting regions. In May 2018, the Group signed a 3-year strategic cooperation framework agreement with a real estate service agency in China and is negotiating business contracts to provide media promotion, marketing strategy and media operation services for real estate projects in China.

It has been observed that the traditional advertising space faces a strong competition from mobile advertising. The Group is actively seeking both organic and inorganic growth opportunities, including, but not limited to, inhouse media service chain development to enhance technology, operation capacity and profitability, as well as mergers and acquisitions from Technology, Media & Telecommunication (TMT) industry.

Cleaning and related services

A waste charging scheme aiming to create financial incentives to drive behavioural changes of the community in municipal solid waste reduction will be launched, at the earliest, by the second half of next year. When the waste charging scheme become effective, it will, among others, increase the costs for waste disposal at government refuse transfer stations and require extra frontline, manpower and logistic arrangements. As a result, our recurring operation costs will increase. We are closely following up the announcements of the government from time to time and to get ourselves well prepared for the implementation.

Four major warewashing and cleaning labour provision contracts are due to expire in the last quarter of 2018. The Group has had close business relationship with the customer for over 10 years and our performance has so far been to their satisfaction. We consider that we enjoy a fairly good chance to regain the contracts. Given that the contracts must be opened for public tender as a general practice in Hong Kong, there is, however, no assurance that we would be successful in the bidding. Should we fail to re-gain the contracts, our revenue will adversely be affected.

The Group is actively seeking growth opportunities in the market to expand its business in cleaning and related services, including, but not limited to, building management, through mergers and acquisitions. A horizontal growth strategy is able to bring synergy and benefits to the Group and its shareholders.

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.

The Group is looking for suitable opportunities to expand in this area.

Technology, Media & Telecommunication (TMT)

The wave of innovation and technology is sweeping through the entire world. The HKSAR government has proposed in its latest budget to invest into the development of the "Hong Kong – Shenzhen Innovation and Technology Park" in the Lok Ma Chau Loop, including capital injection to the Innovation and Technology Fund and support for the construction of technology and innovation platforms to attract top-quality scientific research institutions and technology companies in the world to establish a presence in Hong Kong. President XI Jinping also indicated that he attaches importance to the development of scientific research in Hong Kong and emphasised cooperation between Hong Kong and the Mainland on technology to support Hong Kong as an international innovation and technology centre.

The government of the PRC had issued different specific plans and guidance to regulate and expedite the development of "Smart City", for example, The State Council of the PRC (中華人民共和國國務院) had issued National New-type Urbanisation Plan (2014-2020) (國家新型城鎮化規劃(2014-2020年) in 2014, highlighting the "six directions" for development of smart cities, including broadband information and communication network, digitalisation of planning and management, smart infrastructure, convenient public services, development of modern industry, and meticulous social governance. Eight Ministries including National Development and Reform Commission (八部委包括國家發展和改革委員會) issued Guiding Advice on Promoting the Healthy Development of Smart Cities (關於促進智慧城市健康發展的指導意見) in 2014 to regulate and promote the development of smart cities gradually from pilot to other areas of applications (e.g. smart transport, smart healthcare).

As a listed company in Hong Kong, the Group is exploring the development of innovation and technology in Hong Kong and China. We will seriously consider extending our business to the commercial application of high technology, such as robotics, artificial intelligence, computer vision, virtual reality, augmented reality, telecommunication technology and 5G etc, in Hong Kong and China.

Dividend

The Directors do not recommend the payment of any dividend to shareholders for the year ended 31 March 2018 (2017: 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$17,252,000 (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$11,528,000 as at 31 March 2018 (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$7,235,000 (2017: HK$5,922,000) in respect of such payments has been made in the condensed consolidated statement of financial position as at 31 March 2018.

(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 2018 and 2017. Currently, there is a claim against the Group for legal costs that amounts to approximately HK$1,800,000 by Brave Venture Limited arising from litigation back in September of 2017. Other outstanding litigation includes a possible contempt of court claim by Brave Venture limited. However, the Group expects the financial impact to be minimal as it is a non-monetary claim.

Event subsequent to the end of financial year

1. On 18 May 2018, the Company, through its wholly owned subsidiary, Xinhua News Media Limited, entered into a strategic cooperation framework agreement with Fujian Province Zhi Chuang Zhi Yuan Marketing Planning Company Limited. Details of which are set out in the announcement of the Company dated 18 May 2018.

2. On 7 June 2018, the Company entered into the placing agreement with Prudential Brokerage Ltd pursuant to which the later agreed to place as the Company's placing agent on a best effort basis the placing shares up to 162,962,962 news shares at the placing price of HK$0.275 per placing share. Details of which are set out in the announcements of the Company dated 7 June 2018 and 12 June 2018.

3. On 14 June 2018, the Company, through its wholly owned subsidiary, Xinhua News Media Limited, entered into the repayment agreement with Sheng Tang Petroleum & Chemical Development Limited regarding the payment of the outstanding sum owed by Sheng Tang Petroleum & Chemical Development Limited to the Group. Details of which are set out in the announcement of the Company dated 14 June 2018.

Employees and Remuneration Policies

The total number of employees of the Group as at 31 March 2018 was 1,604 (2017: 1,653). Total staff costs, including directors' emoluments and net pension contributions, for the period under review amounted to HK$250,421,000 (2017: HK$244,778,000). The Group provides employees with training programmes to equip them with the latest skills and other benefits inducing 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 purchased, redeemed or sold any of the Company's listed securities during the year.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE OF THE 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 2018, the Company has complied with the code provisions ("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, A.4.2 and E.1.2, 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. During the year ended 31 March 2018, 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 the Board consensus.

Code 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.

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 (the former Co-chairman of the Board and former 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. Mr. Lo Kou Hong (Co-chairman of the Company) was appointed as the chairman of the aforesaid annual general meeting.

Besides, the Group was informed by Mr. Lo Kou Hong, the Co-Chairman and an executive Director, from 12 June 2018, that he has ceased to use the honorary doctorate title granted to him by Burkes University in December 2003.

As informed by Mr. Lo, he received an email in 2003 from Burkes University stating that he had been short-listed by the Honorary Doctorates Committee for the conferment of an honorary doctorate degree. At the material time, it seemed to him at that time that the email was not a scam email or an email from a mendacious email address. Mr. Lo was fully aware that this kind of doctorate degree is honorary in nature. Mr. Lo followed the procedures prescribed in the email message and submitted the copy documents to Burkes University for consideration. On 29 December 2003, the honorary doctorate degree was awarded to Mr. Lo.

Based on public information, there have been allegations that Burkes University had not obtained the required licence from the relevant government authority and is not a recognised university. There is no current website for Burkes University.

The Company has reviewed the information currently available to it as well as the fact that Mr. Lo has ceased to use the honorary doctorate title. It seems from the information that Mr. Lo may be one of the many victims around the world of scam email messages which might not be readily detectable around 15 years ago. Mr. Lo is the Co-Chairman and an executive Director, and the Company is of the view that his honorary doctorate degree, which may not have been accredited by any government body would not affect his integrity and qualifications as the Co-Chairman and an executive Director.

AUDIT COMMITTEE

The audit committee of the Company comprises four members, namely, Mr. Tsang Chi Hon (Chairman of audit committee), Mr. Wang Qi, Mr. Ho Hin Yip and Ms. Lee Suen, who are independent non-executive Directors of the Company. The audit committee was established to review the accounting principles and practices adopted by the Group and they would discuss auditing, internal controls and financial reporting matters. The audit committee had also reviewed the Group's consolidated financial statements for the year ended 31 March 2018.

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 2017/18 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
Chan Chun Wo **Lo Kou Hong**
Co-chairman *Co-chairman*

Hong Kong, 28 June 2018

As at the date of this announcement, the Board comprises six executive Directors, namely, Mr. Lo Kou Hong, Mr. Chan Chun Wo, Mr. David Wei Ji, Mr. Huang Wen Kai, Ms. Chen Ming and Mr. Li Bing; and four independent non-executive Directors, namely, Mr. Wang Qi, Mr. Tsang Chi Hon, Mr. Ho Hin Yip and Ms. Lee Suen.