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## **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 2022**

### **RESULTS**

The board (the “Board”) of directors (the “Directors”) 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 2022. These condensed consolidated interim financial statements have not been audited, but have been reviewed by the audit committee of the Company (the “Audit Committee”).

### **CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the six months ended 30 September 2022*

		<b>For the six months ended 30 September</b>	
		<b>2022</b>	<b>2021</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Revenue</b>	5	<b>128,040</b>	135,390
Other income and gains	6	<b>3,023</b>	813
Other losses	7	–	(528)
Staff costs	7	<b>(91,518)</b>	(92,387)
Depreciation and amortisation		<b>(3,098)</b>	(2,712)
Loss on fair value changes at financial assets at fair value through profit or loss		<b>(2,729)</b>	(458)
Other operating expenses		<b>(43,019)</b>	(45,420)
Finance costs	8	<b>(370)</b>	(250)

		<b>For the six months ended</b>	
		<b>30 September</b>	
		<b>2022</b>	2021
	<i>Notes</i>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Loss before income tax</b>	7	<b>(9,671)</b>	(5,552)
Income tax credit	9	<u>3</u>	<u>120</u>
<b>Loss for the period</b>		<b>(9,668)</b>	(5,432)
<b>Other comprehensive (loss)/income</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of financial statements of subsidiaries, net of tax		<u>(70)</u>	<u>361</u>
<b>Total comprehensive loss for the period</b>		<b><u>(9,738)</u></b>	<b><u>(5,071)</u></b>
<b>Loss for the period attributable to:</b>			
Owners of the Company		<b>(9,491)</b>	(5,189)
Non-controlling interests		<u>(177)</u>	<u>(243)</u>
		<b><u>(9,668)</u></b>	<b><u>(5,432)</u></b>
<b>Total comprehensive loss for the period attributable to:</b>			
Owners of the Company		<b>(9,709)</b>	(4,893)
Non-controlling interests		<u>(29)</u>	<u>(178)</u>
		<b><u>(9,738)</u></b>	<b><u>(5,071)</u></b>
<b>Loss per share attributable to the owners of the Company</b>			
–Basic and diluted	10	<b><u>(HK\$0.0051)</u></b>	<b><u>(HK\$0.0029)</u></b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 September 2022*

		30 September 2022 (Unaudited) <i>HK\$'000</i>	31 March 2022 (Audited) <i>HK\$'000</i>
	<i>Notes</i>		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	<i>11</i>	<b>10,988</b>	13,181
Investment properties	<i>12</i>	<b>1,987</b>	2,220
Financial assets at fair value through profit or loss		<b>12,991</b>	13,976
Right-of-use assets		<b>7,447</b>	9,114
Deferred tax assets		<b>189</b>	212
		<hr/>	<hr/>
<b>Total non-current assets</b>		<b>33,602</b>	38,703
		<hr/>	<hr/>
<b>Current assets</b>			
Inventories		<b>574</b>	895
Trade receivables	<i>13</i>	<b>44,966</b>	56,524
Prepayments, deposits and other receivables	<i>14</i>	<b>16,317</b>	18,742
Pledged time deposits	<i>15</i>	<b>2,075</b>	2,075
Cash and cash equivalents		<b>86,059</b>	74,026
		<hr/>	<hr/>
<b>Total current assets</b>		<b>149,991</b>	152,262
		<hr/>	<hr/>
<b>Total assets</b>		<b>183,593</b>	190,965
		<hr/>	<hr/>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade payables	<i>16</i>	<b>11,141</b>	11,634
Other payables and accruals	<i>17</i>	<b>35,009</b>	36,234
Promissory notes payable	<i>18</i>	<b>3,000</b>	3,000
Amount due to a related company		<b>1,055</b>	1,055
Lease liabilities		<b>3,426</b>	3,606
Loans from directors		<b>12,241</b>	14,258
Tax payables		<b>283</b>	283
		<hr/>	<hr/>
<b>Total current liabilities</b>		<b>66,155</b>	70,070
		<hr/>	<hr/>

	<b>30 September 2022 (Unaudited) HK\$'000</b>	31 March 2022 (Audited) HK\$'000
<b>Net current assets</b>	<u>83,836</u>	<u>82,192</u>
<b>Total assets less current liabilities</b>	<u>117,438</u>	<u>120,895</u>
<b>Non-current liabilities</b>		
Lease liabilities	<u>5,502</u>	<u>6,984</u>
<b>Total non-current liabilities</b>	<u>5,502</u>	<u>6,984</u>
<b>NET ASSETS</b>	<u>111,936</u>	<u>113,911</u>
<b>EQUITY</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	19,311	18,049
Reserves	<u>92,842</u>	<u>96,050</u>
	<b>112,153</b>	114,099
<b>Non-controlling interests</b>	<u>(217)</u>	<u>(188)</u>
<b>TOTAL EQUITY</b>	<u>111,936</u>	<u>113,911</u>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

*For the six months ended 30 September 2022*

## 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 Unit 407, Fu Hang Industrial Building, 1 Hok Yuen Street East, Hunghom, Kowloon, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

During the interim period, the Group was principally engaged in the provision of cleaning and related services, the provision of waste treatment service and the provision of advertising media service.

The condensed 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 unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 September 2022 ("Interim Financial Statements") have been 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 applicable disclosures requirements sets out in Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

These Interim Financial Statements have been prepared in accordance with the same accounting policies adopted in the 2022 annual financial statements of the Group ("2022 Annual Report"), except for the accounting policy changes that are expected to be reflected in the 2023 annual financial statements. Details of any changes in accounting policies are set out in note 3.

The preparation of the Interim Financial Statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

These Interim Financial Statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2022 Annual Report. The Interim Financial Statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The financial information relating to the financial year ended 31 March 2022 that is included in the Interim Financial Statements as comparative information does not constitute the Company's annual consolidated financial statements for that financial year but is derived from those financial statements.

### **3. CHANGES IN ACCOUNTING POLICIES**

The Group has applied the following amendments to HKFRSs issued by the HKICPA to these Interim Financial Statements for the current accounting period:

- Amendments to HKFRS 3, Reference to the conceptual framework
- Amendments to HKAS 16, Property, plant and equipment: Proceeds before intended use
- Amendments to HKAS 37, Provisions, contingent liabilities and contingent assets: Onerous contracts — cost of fulfilling a contract
- Annual improvements to HKFRSs 2018–2020 cycle

None of the above amendments have had a significant financial effect to the Group. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

### **4. OPERATING SEGMENT INFORMATION**

For management purposes, the Group is organised into business units based on their products and services and has three 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 advertising media business segment engages in the provision of media strategy, planning and management, product launching and selling, brand building, event marketing as well as the development and operations of advertising media; and
- (c) 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 is measured consistently with the Group's loss before income tax except that interest income, government subsidies, dividend income and gain or loss on fair value changes on financial assets at fair value through profit or loss, finance costs, share option expense and unallocated head office and corporate expenses are excluded from such measurement.

There are no inter-segment sales and transfers between the segments.

## Segment revenue and results

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

	For the six months ended 30 September 2022			
	Cleaning and related services (Unaudited) <i>HK\$'000</i>	Advertising media business (Unaudited) <i>HK\$'000</i>	Waste treatment (Unaudited) <i>HK\$'000</i>	Total (Unaudited) <i>HK\$'000</i>
<b>Segment revenue:</b>				
Service income from external customers recognised over time	<u>128,040</u>	<u>–</u>	<u>–</u>	<u>128,040</u>
<b>Segment results</b>	<u>(800)</u>	<u>(2,596)</u>	<u>(595)</u>	<u>(3,991)</u>
<b>Reconciliation:</b>				
Unallocated other income and gains				2,674
Interest income				199
Unallocated expenses				(8,183)
Finance costs				<u>(370)</u>
Loss before income tax				(9,671)
Income tax credit				<u>3</u>
Loss for the period				<u>(9,668)</u>

	For the six months ended 30 September 2021 (restated)			
	Cleaning and related services (Unaudited) <i>HK\$'000</i>	Advertising media business (Unaudited) <i>HK\$'000</i>	Waste treatment (Unaudited) <i>HK\$'000</i>	Total (Unaudited) <i>HK\$'000</i>
<b>Segment revenue:</b>				
Service income from external customers recognised over time	<u>135,390</u>	<u>–</u>	<u>–</u>	<u>135,390</u>
<b>Segment results</b>	<u>2,443</u>	<u>(1,766)</u>	<u>(809)</u>	<u>(132)</u>
<b>Reconciliation:</b>				
Unallocated other income and gains				458
Interest income				121
Unallocated expenses				(5,749)
Finance costs				<u>(250)</u>
Loss before income tax				(5,552)
Income tax credit				<u>120</u>
Loss for the period				<u>(5,432)</u>

### Geographical information

The following sets out information about the geographical region of the Group's revenue from external customers, which is based on the location to which the services and goods are delivered.

	For the six months ended 30 September	
	2022 (Unaudited) <i>HK\$'000</i>	2021 (Unaudited) <i>HK\$'000</i>
Hong Kong	<u>128,040</u>	<u>135,390</u>

## 5. REVENUE

The Group's revenue represents the net invoiced value of services rendered. An analysis of the Group's revenue is as follows:

	For the six months ended	
	30 September	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Cleaning and related service fee income	<u>128,040</u>	<u>135,390</u>

## 6. OTHER INCOME AND GAINS

	For the six months ended	
	30 September	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest income	199	121
Management fee income	30	30
Government subsidies ( <i>Note</i> )	2,465	230
Dividend income on financial assets at fair value through profit or loss	209	228
Net gain on disposals of property, plant and equipment	–	118
Sundry income	<u>120</u>	<u>86</u>
	<u>3,023</u>	<u>813</u>

*Note:* These represented subsidies receivable by the Group under the Employment Support Scheme under the Anti-epidemic Fund of the Government of the Hong Kong Special Administrative Region.

## 7. LOSS BEFORE INCOME TAX

The Group's loss before income tax is arrived at after charging/(crediting):

	<b>For the six months ended</b>	
	<b>30 September</b>	
	<b>2022</b>	<b>2021</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Employee benefit expenses (including directors' remuneration):		
Wages, salaries and other benefits	<b>86,471</b>	88,584
Retirement scheme contributions	<b>3,644</b>	3,459
Provision for/(reversal of) long service payments	<b>287</b>	(527)
Provision for untaken paid leave	<b>1,116</b>	871
	<hr/>	<hr/>
Total staff costs	<b>91,518</b>	92,387
	<hr/>	<hr/>
Cost of services rendered*	<b>121,006</b>	122,743
Depreciation of property, plant and equipment	<b>1,430</b>	1,332
Depreciation of right-of-use assets	<b>1,668</b>	1,380
Net loss/(gain) on disposals of property, plant and equipment	<b>15</b>	(118)
Loss on write-off of property, plant and equipment	<b>12</b>	1
Fair value loss on investment properties	<b>-</b>	528
	<hr/>	<hr/>

\* The cost of services rendered includes employee benefit expenses of approximately HK\$85,130,000 (six months ended 30 September 2021: approximately HK\$82,926,000) incurred in the provision of services which has been included in the employee benefit expenses above.

## 8. FINANCE COSTS

	<b>For the six months ended</b>	
	<b>30 September</b>	
	<b>2022</b>	<b>2021</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Leases interest	<b>250</b>	130
Interest on promissory notes	<b>120</b>	120
	<hr/>	<hr/>
	<b>370</b>	250
	<hr/>	<hr/>

## 9. INCOME TAX CREDIT

	For the six months ended	
	30 September	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current tax:		
Hong Kong	–	(9)
The PRC	3	(3)
	<u>3</u>	<u>(12)</u>
Deferred tax	–	132
	<u>3</u>	<u>120</u>

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands or the British Virgin Islands.

Macau Complementary Tax is calculated at a progressive rate from 9% to 12% on the estimated assessable profit for the six months ended 30 September 2022. No provision for Macau Complementary Tax is required as the Company's subsidiary in Macau incurred tax losses for the six months ended 30 September 2022.

Pursuant to the relevant tax law of the Hong Kong Special Administrative Region, the provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2021: 16.5%) to the six months ended 30 September 2022, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime. For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2021.

Pursuant to the approval of the tax bureau, in accordance with the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法), one subsidiary of the Group is subject to the PRC Enterprise Income Tax at a rate of 15% for being engaged in the encouraged industries in a designated area. Other subsidiaries of the Group located in the PRC are subject to the PRC Enterprise Income Tax at a rate of 25% (six months ended 30 September 2021: 25%) on their assessable profits.

## 10. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

### Basic loss per share

The calculation of the basic loss per share is based on the loss for the interim period attributable to owners of the Company of approximately HK\$9,491,000 (six months ended 30 September 2021: approximately HK\$5,189,000), and the weighted average number of ordinary shares of 1,875,210,780 (six months ended 30 September 2021: 1,804,869,796) in issue during the interim period.

### Diluted loss per share

The diluted loss per share is the same as the basic loss per share for the six months ended 30 September 2022 and 2021 because the Company's share options outstanding during these periods were anti-dilutive.

## 11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2022, the Group acquired items of property, plant and equipment with aggregate cost of approximately HK\$190,000 (six months ended 30 September 2021: approximately HK\$735,000). Items of property, plant and equipment with aggregate carrying amount of approximately HK\$28,000 were written off and disposed during the six months ended 30 September 2022 (six months ended 30 September 2021: approximately HK\$175,000), resulting in a net loss on write-off and disposal of property, plant and equipment of approximately HK\$27,000 (six months ended 30 September 2021: net gain on write-off and disposal of property, plant and equipment of approximately HK\$117,000).

## 12. INVESTMENT PROPERTIES

	<b>30 September 2022 (Unaudited) HK\$'000</b>	31 March 2022 (Audited) HK\$'000
At the beginning of the period/year	2,220	6,390
Disposal of investment properties	–	(3,267)
Fair value loss on investment properties	–	(1,065)
Exchange realignment	(233)	162
	<hr/>	<hr/>
At the end of the period/year	<b>1,987</b>	<b>2,220</b>

### 13. TRADE RECEIVABLES

The aged analysis of trade receivables, based on the invoice date and net of loss allowance at the end of the reporting period, is as follows:

	<b>30 September 2022 (Unaudited) HK\$'000</b>	31 March 2022 (Audited) HK\$'000
Within 30 days	20,475	21,701
31 to 60 days	18,529	17,382
61 to 90 days	5,782	11,078
91 to 120 days	83	5,045
Over 120 days	97	1,318
	<u>44,966</u>	<u>56,524</u>

### 14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	<b>30 September 2022 (Unaudited) HK\$'000</b>	31 March 2022 (Audited) HK\$'000
Prepayments	3,025	3,511
Deposits	1,971	3,774
Other receivables	23,725	24,036
Amount due from a related company	6,977	6,802
Less: Impairment loss recognised on other receivables and deposits	<u>(19,381)</u>	<u>(19,381)</u>
	<u>16,317</u>	<u>18,742</u>

### 15. 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\$2,075,000 (31 March 2022: approximately HK\$2,075,000), and a property owned by a related company which is controlled by a director of the Company.

## 16. TRADE PAYABLES

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

	<b>30 September 2022 (Unaudited) HK\$'000</b>	31 March 2022 (Audited) HK\$'000
Within 30 days	5,550	6,098
31 to 60 days	5,098	4,986
Over 90 days	493	550
	<u>11,141</u>	<u>11,634</u>

## 17. OTHER PAYABLES AND ACCRUALS

	<b>30 September 2022 (Unaudited) HK\$'000</b>	31 March 2022 (Audited) HK\$'000
Other payables	9,140	10,891
Accruals ( <i>Note</i> )	25,869	25,343
	<u>35,009</u>	<u>36,234</u>

*Note:* Accruals mainly represent the accrued staff costs incurred in the Group.

## 18. PROMISSORY NOTES PAYABLE

During the year ended 31 March 2021, the Company issued three promissory notes in the aggregate principal sum of HK\$3,000,000, bearing interest at 8% per annum and repayable on 31 January 2023.

## 19. DIVIDEND

The Directors do not declare the payment of any interim dividend for the six months ended 30 September 2022 (six months ended 30 September 2021: Nil).

## 20. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current period's presentation.

## MANAGEMENT DISCUSSION AND ANALYSIS

### **Business Review**

During the six months ended 30 September 2022 (the “Period”), the businesses of the Group are adversely affected by the impact brought by COVID-19. The Group’s revenue decreased by 5.4% to approximately HK\$128,040,000 (30 September 2021: approximately HK\$135,390,000). The Group’s net loss attributable to the owners of the Group was approximately HK\$9,491,000, whilst the loss attributable to the owners was approximately HK\$5,189,000 for the same period in 2021.

The Group is principally engaged in three business segments: (i) advertising media business, (ii) cleaning and related services business; and (iii) waste treatment business.

#### *Advertising Media Business*

Due to COVID-19 outbreak, the Group’s advertising media business had ceased since the second quarter of 2020 to minimize the loss brought by tightened public health measures and sanitation controls. The management will continue to streamline the operation and to adopt stringent cost control measures so as to strengthen the competitiveness of the business.

#### *Cleaning and Related Services Business*

Over the course of the reporting period, global economy was still affected by the pandemic and the war in Ukraine resulting in inflation rates increased to such high levels that many countries had not seen in past years and suffered lowest economic growth at the same time. Hong Kong could not escape such difficult economic times either albeit less severe. Competing for cleaning contracts remained fierce amongst cleaning service providers. Our Group was successful in renewing some cleaning contracts and also in winning some new contracts but, unfortunately, we were unsuccessful in renewing certain existing contracts resulting in a net reduction in revenue during the reporting period when compared to the same period last year. With the gradual pick up of the aviation industry, we have secured the cleaning contract for one of the largest flight kitchens in the world located at the Hong Kong International Airport. This new cleaning contract has increased our service scope to this client as we are already providing cleaning services to its warewash business and provide general cleaning to their main office building.

We have re-secured a two-year service contract with a Grade-A commercial building in Central which will bring in revenue in the second half of the financial year. We have also renewed a two-year cleaning contract for a commercial building in Causeway Bay which we have served for over 10 years.

We are mindful of the importance of contributing to the sustainability of the environment. To this end, we are constantly on the look-out for using better and better environmental-friendly cleaning detergents and materials. We have also used updated technology to enhance our services so as to achieve our aim to deliver services that exceed our clients' expectations.

#### *Waste Treatment Business*

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

### **Financial Review**

The Group's revenue for the Period amounted to approximately HK\$128,040,000 (30 September 2021: approximately HK\$135,390,000) represented a 5.4% decrease as compared to the corresponding period in 2021 because the Group was unsuccessful in renewing certain existing cleaning contracts during the reporting period. However, such negative effect on revenue was alleviated because the Group was also successful in renewing some existing and winning some new cleaning contracts.

The Group's loss on fair value changes at financial assets at fair value through profit or loss for the Period was approximately HK\$2,729,000 (30 September 2021: approximately HK\$458,000), representing an increase of approximately HK\$2,271,000 as compared to the same period in 2021. Such increase was due to decrease in the fair value of investment funds held by the Group.

Other operating expenses, which amounted to approximately HK\$43,019,000 (30 September 2021: approximately HK\$45,420,000), represented a period-to-period 5.3% decrease. Such expenses mainly included the costs of services rendered under cleaning and related services business, which accounted for 83.4% of other operating expenses in the Period. The decrease in cost of services rendered was in line with the decrease in revenue.

The Group's net loss attributable to the owners of the Group for the Period was approximately HK\$9,491,000 (30 September 2021: approximately HK\$5,189,000). Cleaning and related services business made a loss of approximately HK\$800,000, the advertising media business made a loss of approximately HK\$2,596,000, and the waste treatment business made a loss of approximately HK\$595,000.

## **Capital Structure, Liquidity and Financial Resources**

As at 30 September 2022, the Group's cash and cash equivalents and pledged time deposits were approximately HK\$88,134,000 (31 March 2022: approximately HK\$76,101,000) and its current ratio was 2.3 (31 March 2022: 2.2).

The Group's net assets as at 30 September 2022 were approximately HK\$111,936,000 (31 March 2022: approximately HK\$113,911,000).

As at 30 September 2022, the Group's gearing ratio was 2.7% (31 March 2022: 2.6%), representing the total interest-bearing debts divided by total equity. The Group had lease liabilities and loans from directors of approximately HK\$8,928,000 and HK\$12,241,000 respectively (31 March 2022: approximately HK\$10,590,000 and HK\$14,258,000 respectively). The Group's shareholders' equity amounted to approximately HK\$112,153,000 as at 30 September 2022 (31 March 2022: approximately HK\$114,099,000).

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 are transacted in Hong Kong dollars, whereas those of the advertising media and waste treatment businesses 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 revenues from advertising media business, which are in RMB, can offset future liabilities and expenses.

As at 30 September 2022, the Group's banking facilities were secured by the pledge of certain of the Group's time deposits amounting to approximately HK\$2,075,000 (31 March 2022: approximately HK\$2,075,000), and a property of a related company which is controlled by a director of the Company.

## **Fund Raising Activity**

On 31 May 2022, the Company entered into a placing agreement (the “Placing Agreement”) with ASA Securities Limited (the “Placing Agent”) pursuant to which the Placing Agent agreed to place as the Company’s placing agent on a best effort basis of up to 360,973,000 new shares (the “Placing Share(s)”) at the placing price of HK\$0.063 per Placing Share (the “Placing”).

All conditions to the Placing Agreement have been fulfilled and completion of the Placing took place on 21 June 2022 (“Completion”). An aggregate of 126,200,000 Placing Shares have been successfully placed by the Placing Agent to not less than six places at placing price of HK\$0.063 per Placing Share pursuant to the terms and conditions of the Placing Agreement, representing (i) approximately 6.99% of the then existing issued share capital of the Company before Completion; and (ii) approximately 6.54% of the issued share capital of the Company as enlarged by the allotment and issue of 126,200,000 Placing Shares immediately upon Completion.

The gross proceeds from the Placing amounted to HK\$7,950,600 and the net proceeds (after deducting the placing commission and other related expenses and professional fees) from the Placing amounted to approximately HK\$7,763,000. The Company intended to use such net proceeds for the general working capital and future business opportunities and investment. As at the date of this announcement, the net proceeds from the Placing were used as approximately HK\$5,530,000 for general working capital of the Group, including staff costs, rental payment, professional fees, general administrative expenses and repayment of other payables and accruals and expected to be fully utilized on or before 1st quarter of 2023.

For the details of the Placing, please refer to the announcements of the Company dated 31 May 2022 and 21 June 2022.

## **Prospects**

### *Advertising Media Business*

The global pandemic remains uncertain and brought a negative impact on overall market sentiment. The resumption of the advertising media business segment is temporarily unforeseeable. While adapting to the pandemic and identifying new opportunities ahead, the Group will continue to implement its business plan in a prudent manner as and when appropriate.

### *Cleaning and Related Services Business*

The business of providing cleaning services to residential estates, commercial buildings and shopping malls is very competitive. Our reputation for professionalism in the market can help us grow our business and expand market share, particularly in the middle to high end cleaning service market. We also place emphasis on providing training for our staff, teaching them how to effectively use chemicals and actively seeking feedbacks from our staff and clients so that we can provide the best to our clients without compromising our services.

The impact of the pandemic is still being felt by most businesses and the cleaning service industry is no exception. Operating cost is likely to rise which will affect gross profit margin. However, we have confidence that our experience, professionalism, dedication and pure hard work can help us overcome the present difficult situation and that we can continue to serve our clients well, and we shall come out of it stronger and better prepared for the future.

### **Interim Dividend**

The Board did not declare the payment of an interim dividend to the shareholders of the Company (the “Shareholders”) for the six months ended 30 September 2022 (30 September 2021: 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\$1,913,000 (31 March 2022: approximately HK\$4,630,000) in respect of certain services provided to various customers by the Group.
- (b) 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 2022 and 31 March 2022.

As at the date of this announcement, there are no other known material contingent liabilities of the Group not disclosed and there are no legal, administrative or other proceedings pending which would materially affect the Group’s financial condition.

## **Events Subsequent to the Reporting Period**

There have been no significant events occurring after the end of the reporting period and up to the date of this announcement.

## **Employees and Remuneration Policies**

The total number of employees of the Group as at 30 September 2022 was 1,037 (31 March 2022: 1,071). Total staff costs, including directors' emoluments and net pension contributions, for the reporting period amounted to approximately HK\$91,518,000 (30 September 2021: approximately HK\$92,387,000). 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 purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2022.

## **CORPORATE GOVERNANCE PRACTICES**

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 corporate value, transparency and accountability of all its operations.

The Company strived to maintain a high standard of corporate governance and complied with the Corporate Governance Code (the "CG Code") as stated in Appendix 14 of the Listing Rules.

The Company has adopted the code provisions in the CG Code as its own code of corporate governance. During the six months ended 30 September 2022, the Directors consider that the Company has complied with all the relevant code provisions set out in the CG Code throughout the reporting period.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted its own code of conduct governing Directors' dealings in the Company's securities (the "Code") on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions by the Directors. Specific enquiry has been made to all Directors and all of them have confirmed that they have complied with the Code and the Model Code throughout the six months ended 30 September 2022.

The Company has also established written guidelines on terms no less exacting than the Model Code (the "Employees Written Guidelines") for governing the securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

## **REVIEW OF INTERIM RESULTS BY AUDIT COMMITTEE**

The Audit Committee comprises three independent non-executive Directors, namely Mr. Wang Qi, Mr. Yau Pak Yue (chairman) and Mr. Leung Nga Tat, and is responsible for reviewing the Group's financial information and overseeing the Group's financial reporting system and internal control procedures. The Audit Committee is also responsible for reviewing the interim and final results of the Group prior to recommending them to the Board for approval. In performing its duties, it has unrestricted access to personnel, records, and external auditors and senior management.

The unaudited condensed consolidated interim financial statements for the six months ended 30 September 2022 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 INTERIM RESULTS ANNOUNCEMENT AND DESPATCH OF INTERIM REPORT**

The interim results announcement is published on the websites of The Hong Kong Exchanges and Clearing Limited at ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company at ([www.XHNmedia.com](http://www.XHNmedia.com)). The 2022 interim report containing all the information required by the Listing Rules will be despatched to the Shareholders and will be published on the above websites in due course.

By order of the Board

**Xinhua News Media Holdings Limited**

**Fu Jun**

*Chief Executive Officer and Executive Director*

Hong Kong, 29 November 2022

*As at the date of this announcement, the Board comprises four executive Directors, namely, Mr. Lo Kou Hong, Mr. Tsui Kwok Hing, Mr. Fu Jun and Mr. Leung Cheung Hang; two non-executive Directors, namely, Ms. Wang Guan and Mr. Wang Chunping; and three independent non-executive Directors, namely, Mr. Wang Qi, Mr. Yau Pak Yue and Mr. Leung Nga Tat.*