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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 2024

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 2024. 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 2024

		For the six months ended	
		30 September	
		2024	2023
		(Unaudited)	(Unaudited)
	<i>Notes</i>	HK\$'000	HK\$'000
Revenue	5	179,307	153,029
Other income and gains	6	1,406	1,278
Staff costs	7	(121,436)	(113,155)
Depreciation and amortisation		(2,433)	(2,742)
Gain/(loss) on fair value changes at financial assets at fair value through profit or loss		254	(1,005)
Other operating expenses		(60,596)	(45,492)
Finance costs	8	(229)	(296)

		For the six months ended	
		30 September	
		2024	2023
		(Unaudited)	(Unaudited)
	<i>Notes</i>	HK\$'000	HK\$'000
Loss before income tax	7	(3,727)	(8,383)
Income tax	9	<u>—</u>	<u>—</u>
Loss for the period		(3,727)	(8,383)
Other comprehensive loss			
<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>(48)</u>	<u>(209)</u>
Total comprehensive loss for the period		<u>(3,775)</u>	<u>(8,592)</u>
Loss for the period attributable to:			
Owners of the Company		(3,549)	(8,212)
Non-controlling interests		<u>(178)</u>	<u>(171)</u>
		<u>(3,727)</u>	<u>(8,383)</u>
Total comprehensive loss for the period attributable to:			
Owners of the Company		(3,594)	(8,402)
Non-controlling interests		<u>(181)</u>	<u>(190)</u>
		<u>(3,775)</u>	<u>(8,592)</u>
Loss per share attributable to the owners of the Company			
–Basic and diluted	10	<u>(HK\$0.0018)</u>	<u>(HK\$0.0043)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2024

		30 September 2024 (Unaudited) <i>HK\$'000</i>	31 March 2024 (Audited) <i>HK\$'000</i>
	<i>Notes</i>		
ASSETS			
Non-current assets			
Property, plant and equipment	<i>11</i>	7,464	8,147
Right-of-use assets	<i>12</i>	2,532	3,843
Deposits paid for acquisition of property, plant and equipment		—	2,912
Total non-current assets		9,996	14,902
Current assets			
Inventories		47	47
Trade receivables	<i>13</i>	74,262	60,242
Prepayments, deposits and other receivables	<i>14</i>	15,679	12,647
Financial assets at fair value through profit or loss		6,781	6,527
Pledged time deposits	<i>15</i>	7,102	2,092
Cash and bank balances		49,744	65,280
Total current assets		153,615	146,835
Total assets		163,611	161,737
LIABILITIES			
Current liabilities			
Trade payables	<i>16</i>	14,874	14,232
Other payables and accruals	<i>17</i>	42,989	38,920
Promissory notes payable	<i>18</i>	3,000	3,000
Amount due to a related company		1,055	1,055
Lease liabilities		3,099	3,125
Loans from directors		10,137	7,775
Tax payables		283	283
Total current liabilities		75,437	68,390

	30 September 2024 (Unaudited) HK\$'000	31 March 2024 (Audited) HK\$'000
Net current assets	<u>78,178</u>	<u>78,445</u>
Total assets less current liabilities	<u>88,174</u>	<u>93,347</u>
Non-current liabilities		
Lease liabilities	<u>196</u>	<u>1,594</u>
Total non-current liabilities	<u>196</u>	<u>1,594</u>
NET ASSETS	<u>87,978</u>	<u>91,753</u>
EQUITY		
Equity attributable to owners of the Company		
Share capital	19,311	19,311
Reserves	<u>69,625</u>	<u>73,219</u>
	88,936	92,530
Non-controlling interests	<u>(958)</u>	<u>(777)</u>
TOTAL EQUITY	<u>87,978</u>	<u>91,753</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2024

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 508B, 5/F, New East Ocean Centre, 9 Science Museum Road, Tsim Sha Tsui, 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 unaudited interim 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 interim condensed consolidated financial statements of the Group for the six months ended 30 September 2024 ("Unaudited Interim Condensed Consolidated 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 Unaudited Interim Condensed Consolidated Financial Statements have been prepared in accordance with the same accounting policies adopted in the audited consolidated financial statements for the year ended 31 March 2024 ("2024 annual financial statements") of the Group ("2024 Annual Report"), except for the adoption of the revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time as described in note 3.

The preparation of the Interim Financial Statements in accordance 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 Unaudited Interim Condensed Consolidated 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 2024 Annual Report. The Interim Financial Statements and notes thereon do not include all of the information and disclosure required for a full set of financial statements prepared in accordance with HKFRSs, and should be read in conjunction with the Group's 2024 Annual Report.

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 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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 and unallocated head office and corporate expenses are excluded from such measurement.

Segment liabilities exclude loans from directors as these liabilities are managed on a group basis.

There are no inter-segment revenue 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 2024			
	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>
Segment revenue:				
Service income from external customers recognised over time	<u>179,307</u>	<u>–</u>	<u>–</u>	<u>179,307</u>
Segment results	<u>2,511</u>	<u>(364)</u>	<u>(595)</u>	1,552
Reconciliation:				
Unallocated other income and gains				423
Interest income				980
Unallocated expenses				(6,453)
Finance costs				<u>(229)</u>
Loss before income tax				(3,727)
Income tax				<u>–</u>
Loss for the period				<u>(3,727)</u>
Other segment information:				
Capital expenditure	398	–	–	398
Depreciation and amortisation	<u>1,803</u>	<u>109</u>	<u>521</u>	<u>2,433</u>

The following is an analysis of the Group's assets and liabilities by reportable segments:

	Cleaning and related services (Unaudited) HK\$'000	Advertising media business (Unaudited) HK\$'000	Waste treatment (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
As at 30 September 2024				
Segment assets:	<u>145,429</u>	<u>13,379</u>	<u>4,803</u>	<u>163,611</u>
Total assets				<u>163,611</u>
Segment liabilities:	<u>43,002</u>	<u>15,782</u>	<u>6,712</u>	<u>65,496</u>
Reconciliation:				
Loans from directors				<u>10,137</u>
Total liabilities				<u>75,633</u>

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

	For the six months ended 30 September 2023			
	Cleaning and related services (Unaudited) HK\$'000	Advertising media business (Unaudited) HK\$'000	Waste treatment (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Segment revenue:				
Service income from external customers recognised over time	<u>153,029</u>	<u>–</u>	<u>–</u>	<u>153,029</u>
Segment results	<u>(504)</u>	<u>(1,007)</u>	<u>(570)</u>	<u>(2,081)</u>
Reconciliation:				
Unallocated other income and gains				337
Interest income				786
Unallocated expenses				(7,129)
Finance costs				<u>(296)</u>
Loss before income tax				(8,383)
Income tax				<u>–</u>
Loss for the period				<u>(8,383)</u>
Other segment information:				
Capital expenditure	966	–	–	966
Depreciation and amortisation	<u>1,921</u>	<u>295</u>	<u>526</u>	<u>2,742</u>

The following is an analysis of the Group's assets and liabilities by reportable segments:

	Cleaning and related services (Audited) <i>HK\$'000</i>	Advertising media business (Audited) <i>HK\$'000</i>	Waste treatment (Audited) <i>HK\$'000</i>	Total (Audited) <i>HK\$'000</i>
As at 31 March 2024				
Segment assets:	<u>143,255</u>	<u>13,440</u>	<u>5,042</u>	<u>161,737</u>
Total assets				<u>161,737</u>
Segment liabilities:	<u>40,789</u>	<u>15,073</u>	<u>6,347</u>	62,209
Reconciliation:				
Loans from directors				<u>7,775</u>
Total liabilities				<u>69,984</u>

Geographical information

	Revenue from external customers For the six months ended 30 September 2024 (Unaudited) <i>HK\$'000</i>		Non-current assets As at 30 September 2024 (Unaudited) <i>HK\$'000</i>	
	2023 (Unaudited) <i>HK\$'000</i>	2024 (Unaudited) <i>HK\$'000</i>	As at 30 September 2024 (Unaudited) <i>HK\$'000</i>	As at 31 March 2024 (Audited) <i>HK\$'000</i>
Hong Kong	153,029	<u>179,307</u>	<u>4,834</u>	6,458
The People's Republic of China (the "PRC")	–	–	<u>5,162</u>	<u>8,444</u>
		<u>179,307</u>	<u>9,996</u>	<u>14,902</u>

The Group's revenue from external customers and non-current assets information above are based on the location to which the services and goods are delivered and that of the assets, respectively.

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	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Cleaning and related service fee income	<u>179,307</u>	<u>153,029</u>

6. OTHER INCOME AND GAINS

	For the six months ended 30 September	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest income	980	786
Management fee income	30	30
Government subsidies (<i>Note 1</i>)	60	–
Dividend income on financial assets at fair value through profit or loss	109	337
Net gain on disposals of property, plant and equipment	1	1
Sundry income	<u>226</u>	<u>124</u>
	<u>1,406</u>	<u>1,278</u>

Note:

1. These represented subsidies received by the Group under the Employment Programme for the Elderly and Middle-aged of the Government of the Hong Kong Special Administrative Region for the six months ended 30 September 2024. There was no unfulfilled conditions and other contingencies attaching to the government subsidies that had been recognised.

7. LOSS BEFORE INCOME TAX

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

	For the six months ended	
	30 September	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Employee benefit expenses (including directors' remuneration):		
Wages, salaries and other benefits	115,324	107,130
Contribution to defined contribution pension plans (<i>Note 1</i>)	5,063	4,697
Defined benefit plan obligation	(219)	318
Provision for untaken paid leave	1,268	1,010
	<hr/>	<hr/>
Total staff costs	121,436	113,155
	<hr/>	<hr/>
Cost of services rendered (<i>Note 2</i>)	169,209	145,845
Depreciation of property, plant and equipment	1,122	1,194
Depreciation of right-of-use assets	1,311	1,548
Net (gain)/loss on disposals of property, plant and equipment	(1)	4
Loss on write-off of property, plant and equipment	110	13
	<hr/>	<hr/>

Note 1: There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions during the period and there was zero balance available at the end of reporting period for future use.

Note 2: The cost of services rendered includes employee benefit expenses of approximately HK\$114,233,000 (six months ended 30 September 2023: approximately HK\$105,919,000) incurred in the provision of services which has been included in the employee benefit expenses above.

8. FINANCE COSTS

	For the six months ended	
	30 September	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Leases interest	109	176
Interest on promissory notes	120	120
	<u>229</u>	<u>296</u>

9. INCOME TAX

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.

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% (2023: 16.5%) to the six months ended 30 September 2024, 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 2023.

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 2023: 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\$3,549,000 (six months ended 30 September 2023: approximately HK\$8,212,000), and the weighted average number of ordinary shares of 1,931,069,796 (six months ended 30 September 2023: 1,931,069,796) 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 2024 and 2023 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 2024, the Group acquired items of property, plant and equipment with aggregate cost of approximately HK\$398,000 (six months ended 30 September 2023: approximately HK\$346,000). Items of property, plant and equipment with aggregate carrying amount of approximately HK\$110,000 were written off and disposed during the six months ended 30 September 2024 (six months ended 30 September 2023: approximately HK\$129,000), resulting in a net loss on write-off and disposal of property, plant and equipment of approximately HK\$109,000 (six months ended 30 September 2023: net loss on write-off and disposal of property, plant and equipment of approximately HK\$17,000).

12. RIGHT-OF-USE ASSETS

During the six months ended 30 September 2024, no lease agreements for the use of properties were entered into by the Group; therefore, no addition to right-of-use assets were recognised (six months ended 30 September 2023: HK\$620,000).

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:

	30 September 2024 (Unaudited) HK\$'000	31 March 2024 (Audited) HK\$'000
Within 30 days	29,827	27,551
31 to 60 days	28,310	23,616
61 to 90 days	13,733	7,665
91 to 120 days	1,347	347
Over 120 days	1,045	1,063
	<u>74,262</u>	<u>60,242</u>

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 September 2024 (Unaudited) HK\$'000	31 March 2024 (Audited) HK\$'000
Prepayments	2,746	2,065
Deposits	1,724	1,888
Other receivables	4,864	2,304
Amount due from a related company	6,977	7,020
Less: Impairment loss recognised on other receivables and deposits	<u>(632)</u>	<u>(630)</u>
	<u>15,679</u>	<u>12,647</u>

15. PLEDGED TIME DEPOSITS

At the end of the reporting period, the Group's banking facilities amounting to HK\$7,000,000 (31 March 2024: HK\$40,000,000) were secured by the pledge of certain of the Group's time deposits amounting to approximately HK\$7,102,000 (31 March 2024: time deposits amounting to approximately HK\$2,092,000 and a property owned by a related company which was controlled by a director of the Company). The facilities were not utilized to the extent of HK\$5,482,000 (31 March 2024: HK\$37,754,000).

16. TRADE PAYABLES

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

	30 September 2024 (Unaudited) HK\$'000	31 March 2024 (Audited) HK\$'000
Within 30 days	14,152	7,362
31 to 60 days	–	6,168
Over 90 days	722	702
	<u>14,874</u>	<u>14,232</u>

17. OTHER PAYABLES AND ACCRUALS

	30 September 2024 (Unaudited) HK\$'000	31 March 2024 (Audited) HK\$'000
Other payables	15,188	14,236
Accruals (<i>Note</i>)	27,801	24,684
	<u>42,989</u>	<u>38,920</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 to an investor in the aggregate principal sum of HK\$3,000,000 and bearing interest at 8% per annum. The promissory notes should be repayable in full by 31 January 2023 but the expiry date has been extended to 31 January 2024 and further extended to 31 January 2025 by the Company and the investor.

19. DIVIDEND

The Directors do not declare the payment of any interim dividend for the six months ended 30 September 2024 (six months ended 30 September 2023: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the six months ended 30 September 2024 (the “reporting period”), the Group recorded a recovery in its cleaning business. The Group’s revenue increased by 17.2% to approximately HK\$179,307,000 (30 September 2023: approximately HK\$153,029,000). The Group’s net loss attributable to the owners of the Group was approximately HK\$3,549,000, whilst the loss attributable to the owners was approximately HK\$8,212,000 for the same period in 2023.

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

The advertising media industry is undergoing profound changes, like traditional media is challenged by digital media, increasing demand for targeted marketing and emergence of new business models. Digital transformation is the overarching trend. The Group kept navigating carefully the evolving industry landscape for the interest of the Group.

Cleaning and Related Services Business

During the reporting period, one of the Group’s existing customers, which operates one of the largest flight kitchens in Hong Kong as well as operating other facilities at Hong Kong International Airport, increased its demand for our services by over 50% when compared to the same period last year because of the significant increase in its own services requirement and therefore contributed to the increase in turnover for the reporting period.

We have successfully renewed the contract for the provision of cleaning services to a prestigious grade A office building and shopping mall in Central for a term of three years. We have also successfully renewed the cleaning contracts for a basket of properties with a prestigious management company which included a Grade A Commercial Building in Central and a number of luxurious homes in Kowloon and the Southern district in Hong Kong Island. The Group has also obtained a cleaning contract for two years for a residential estate located on Hong Kong Island.

While renewal of cleaning contracts are fluctuating, the Group managed to increase the turnover by 17.2% during the reporting period.

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 reporting period amounted to approximately HK\$179,307,000 (30 September 2023: approximately HK\$153,029,000) represented a 17.2% increase as compared to the corresponding period in 2023. The increase in turnover was mainly due to the surge in demand of services by one of our major customers who operates the largest flight kitchen at Hong Kong International Airport because of the significant increase in international flights during the period when compared with the same period last year when air travel was still quite restricted due to COVID-19. The increase in air travel on a period-to-period basis was seven-fold. Furthermore, we also secured a new contract for providing services to its kitchen area for the same customer. This also contributed to the increase in turnover.

The Group's gain on fair value changes at financial assets at fair value through profit or loss for the reporting period was approximately HK\$254,000 (30 September 2023: loss of approximately HK\$1,005,000). The gain on fair value changes of our financial assets for the reporting period was because their values have improved during the reporting period while the loss on fair value changes of our financial assets for the same period last year was because their values had declined in the previous year. Other operating expenses, which amounted to approximately HK\$60,596,000 (30 September 2023: approximately HK\$45,492,000), represented a period-to-period 33% increase. Such expenses mainly included the costs of services rendered under cleaning and related services business, which accounted for 90.7% of other operating expenses in the reporting period and the turnover of the cleaning and related services business had increased significantly resulting in an increase in cost of labour. The Group's net loss attributable to the owners of the Group for the reporting period was approximately HK\$3,549,000 (30 September 2023: approximately HK\$8,212,000). Cleaning and related services business made a profit of approximately HK\$2,511,000, the advertising media business made a loss of approximately HK\$364,000, and the waste treatment business made a loss of approximately HK\$595,000.

Capital Structure, Liquidity and Financial Resources

As at 30 September 2024, the Group's cash and bank balances and pledged time deposits were approximately HK\$56,846,000 (31 March 2024: approximately HK\$67,372,000) and its current ratio was 2.0 (31 March 2024: 2.1).

The Group's net assets as at 30 September 2024 were approximately HK\$87,978,000 (31 March 2024: approximately HK\$91,753,000).

As at 30 September 2024, the Group's gearing ratio was 3.4% (31 March 2024: 3.3%), representing the total interest-bearing debts divided by total equity. The Group had lease liabilities and loans from directors of approximately HK\$3,295,000 and HK\$10,137,000 respectively (31 March 2024: approximately HK\$4,719,000 and HK\$7,775,000 respectively). The Group's shareholders' equity amounted to approximately HK\$88,936,000 as at 30 September 2024 (31 March 2024: approximately HK\$92,530,000).

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.

Prospects

Advertising Media Business

The industry keeps evolving and transforming to digital focus. The use of big data, VR, AR and AI technology reshapes the business landscape. The Group is adapting the dynamic industry landscape and exploring new opportunities. Should there be material progress, the Company will publish announcement as and when appropriate according to applicable rules and regulations.

Cleaning and Related Services Business

The provision of cleaning and related services is a labour intensive business. As Hong Kong is currently suffering from labour shortage resulting in higher labour costs, our profit margins can be adversely affected. In order to fight labour shortage, the Group is exploring into importing labour from China via the Hong Kong Government's Enhanced Supplementary Labour Scheme.

On the positive side, the aviation industry's future looks promising as quite a few predictions indicate significant growth in both passengers and cargo sector. As one of our major customers is in the aviation industry, our Group would be able to benefit from such growth.

We intend to use technology to improve our efficiencies and to fight labour shortage in the future. Our Group is keeping pace with the times and apply various high-tech cleaning equipment and methods to improve work efficiency and effectiveness in cleanliness to meet challenges of the future.

Waste Treatment Business

With the combination of growing demand, supportive policies around the world, technological advancements and the integration of waste treatment and new energy solutions, the business environment is expected to be favorable. The Group has been exploring ways to capture these trends for the development and the interest of the Group and its shareholders as a whole.

Fund Raising Activity

The Company has not conducted any fund raising activities during the six months ended 30 September 2024.

Interim Dividend

The Board do not recommend the payment of an interim dividend to the shareholders of the Company (the “Shareholders”) for the six months ended 30 September 2024 (30 September 2023: Nil).

Pledge of Assets

As at 30 September 2024, the Group’s banking facilities amounting to HK\$7,000,000 (31 March 2024: HK\$40,000,000) were secured by the pledge of certain of the Group’s time deposits amounting to approximately HK\$7,102,000 (31 March 2024: time deposits amounting to approximately HK\$2,092,000 and a property owned by a related company which is controlled by a director of the Company). The facilities were not utilized to the extent of HK\$5,482,000 (31 March 2024: HK\$37,754,000).

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\$1,518,000 (31 March 2024: approximately HK\$2,246,000) 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 2024 and 31 March 2024.

Capital Commitments

As at 30 September 2024, the Group had no capital commitment (31 March 2024: approximately HK\$Nil), contracted for but not provided in the consolidated financial statements.

Future Plans for Material Investments or Capital Assets

It is the Group's corporate mission to continue to explore ways to improve its financial performance and to broaden the sources of revenue within acceptable risk level. Hence, the Company does not rule out the possibility of investing in or changing to other business as long as it is in the interest of the Company and the shareholders as a whole. Also, as part of its routine exercise, the Company reviews the performance of its existing business portfolio and evaluates possible investment opportunities available to the Company from time to time. Subject to the result of such review and the then market and economy situation, the Company may make suitable investment decisions which may involve the disposal of part of its existing business portfolio and/or change of the asset allocation of its business and investment portfolio and/or expanding its business portfolio with a view of realizing and/or optimizing the expected return and minimizing the risks. Meanwhile, the Company does not preclude the possibility that the Company may implement debt and/or equity fund raising plan(s) to satisfy the financing needs arising out of any business development of the Group as well as to improve its financial position in the event that suitable fund raising opportunities arise, as the Company has from time to time been approached by investors for potential investment projects. In these regards, the Company will publish announcement as and when appropriate according to applicable rules and regulations.

Material Acquisitions and Disposal of Subsidiaries

There was no material acquisition and disposal of subsidiaries during the period ended 30 September 2024.

Significant Investments

As at 30 September 2024, the Group did not have any significant investment plans.

No Material Changes

Saved as disclosed in this announcement, during the reporting period, there were no material changes affecting the Group's performance that needs to be disclosed under Paragraphs 32 and 40(2) of Appendix 16 to the Listing Rules.

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 2024 was 1,220 (31 March 2024: 1,168). Total staff costs, including directors' emoluments and net pension contributions, for the reporting period amounted to approximately HK\$121,436,000 (30 September 2023: approximately HK\$113,155,000). 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, redeemed or sold any of the Company's listed securities during the six months ended 30 September 2024.

CORPORATE GOVERNANCE PRACTICES

Compliance with the Corporate Governance Code

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 C1 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 2024, 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 C3 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 2024.

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 2024 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 Stock Exchange of Hong Kong Limited at (www.hkexnews.hk) and the Company at (www.XHNmedia.com). The 2024 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
Tsui Kwok Hing
Co-Chairman

Hong Kong, 28 November 2024

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