

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **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 2021**

### **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 2021. 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 2021*

		<b>For the six months ended 30 September</b>	
		<b>2021</b>	<b>2020</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Revenue</b>	5	<b>135,390</b>	121,967
Other income and gains	6	<b>813</b>	32,207
Other losses	7	<b>(528)</b>	–
Staff costs		<b>(92,387)</b>	(89,923)
Depreciation and amortisation	7	<b>(2,712)</b>	(2,713)
Loss on fair value changes at financial assets at fair value through profit or loss		<b>(458)</b>	–
Other operating expenses		<b>(45,420)</b>	(38,407)
Finance costs	8	<b>(250)</b>	(144)
Share option expenses	7	<b>–</b>	(7,237)

		<b>For the six months ended</b>	
		<b>30 September</b>	
		<b>2021</b>	2020
		<b>(Unaudited)</b>	(Unaudited)
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>(Loss)/profit before income tax</b>	7	<b>(5,552)</b>	15,750
Income tax credit	9	<b>120</b>	–
		<hr/>	<hr/>
<b>(Loss)/profit for the period</b>		<b>(5,432)</b>	15,750
<b>Other comprehensive income/(loss), net of tax</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations:			
Exchange differences arising during the period		<b>361</b>	1,632
Exchange difference reclassified to profit or loss upon disposal of a subsidiary		–	(973)
		<hr/>	<hr/>
<b>Total comprehensive (loss)/income for the period</b>		<b>(5,071)</b>	16,409
		<hr/>	<hr/>
<b>(Loss)/profit for the period attributable to:</b>			
Owners of the Company		<b>(5,189)</b>	15,961
Non-controlling interests		<b>(243)</b>	(211)
		<hr/>	<hr/>
		<b>(5,432)</b>	15,750
		<hr/>	<hr/>
<b>Total comprehensive (loss)/income for the period attributable to:</b>			
Owners of the Company		<b>(4,893)</b>	16,646
Non-controlling interests		<b>(178)</b>	(237)
		<hr/>	<hr/>
		<b>(5,071)</b>	16,409
		<hr/>	<hr/>
<b>(Loss)/earning per share attributable to the owners of the Company</b>			
Basic and diluted	10	<b>(HK\$0.0029)</b>	HK\$0.0094
		<hr/>	<hr/>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2021

		30 September 2021 (Unaudited) <i>HK\$'000</i>	31 March 2021 (Audited) <i>HK\$'000</i>
	<i>Notes</i>		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	<i>11</i>	12,147	12,817
Investment properties	<i>12</i>	4,332	6,390
Financial assets at fair value through profit or loss		15,956	7,804
Right-of-use assets		10,704	4,160
Deferred tax assets		753	610
		43,892	31,781
<b>Total non-current assets</b>			
<b>Current assets</b>			
Inventories		103	149
Trade receivables	<i>13</i>	42,646	40,169
Prepayments, deposits and other receivables	<i>14</i>	17,570	15,015
Amount due from a director		60	60
Current tax assets		176	184
Structured deposits		–	7,000
Pledged time deposits	<i>15</i>	2,074	2,073
Cash and cash equivalents		92,097	93,953
		154,726	158,603
Non-current assets classified as held for sale		6,833	5,200
		161,559	163,803
<b>Total current assets</b>			
<b>Total assets</b>		205,451	195,584
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade payables	<i>16</i>	12,495	9,358
Other payables and accrued liabilities	<i>17</i>	37,877	35,993
Promissory notes payable	<i>18</i>	3,000	3,000
Amount due to a related company		1,055	1,055
Lease liabilities		3,083	2,521
Loans from directors		9,620	6,369
		67,130	58,296
<b>Total current liabilities</b>		67,130	58,296

	<b>30 September 2021 (Unaudited) HK\$'000</b>	31 March 2021 (Audited) HK\$'000
<b>Net current assets</b>	<u>94,429</u>	<u>105,507</u>
<b>Total assets less current liabilities</b>	<u>138,321</u>	<u>137,288</u>
<b>Non-current liabilities</b>		
Lease liabilities	<u>8,062</u>	<u>1,958</u>
<b>Total non-current liabilities</b>	<u>8,062</u>	<u>1,958</u>
<b>Net assets</b>	<u>130,259</u>	<u>135,330</u>
<b>EQUITY</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	18,049	18,049
Reserves	<u>112,107</u>	<u>117,000</u>
	<b>130,156</b>	135,049
<b>Non-controlling interests</b>	<u>103</u>	<u>281</u>
<b>Total equity</b>	<u>130,259</u>	<u>135,330</u>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

*For the six months ended 30 September 2021*

## 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 2021 ("Interim Financial Statements") have been prepared in accordance with Hong Kong Accounting Standards 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 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

The Interim Financial Statements do not include all the information and disclosures as required by a full set of financial statements, and should be read in conjunction with the Group's 2021 annual consolidated financial statements for the year ended 31 March 2021 ("2021 Annual Report"). The accounting policies and methods of computation used in the preparation of the Interim Financial Statements are consistent with those used in 2021 Annual Report.

### **3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS**

In the current interim period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 April 2021. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group accounting policies, presentation of the Group’s condensed consolidated financial statements and amounts reported for the current interim period and prior years.

### **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)/profit before income tax. The adjusted (loss)/profit before income tax is measured consistently with the Group’s (loss)/profit before income tax except that interest income, government subsidies, dividend income 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.

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

	<b>For the six months ended 30 September 2021</b>			
	<b>Cleaning and related services (Unaudited) <i>HK\$'000</i></b>	<b>Advertising media business (Unaudited) <i>HK\$'000</i></b>	<b>Waste treatment (Unaudited) <i>HK\$'000</i></b>	<b>Total (Unaudited) <i>HK\$'000</i></b>
<b>Segment revenue:</b>				
Service income from external customers	135,390	–	–	135,390
Other income and gains	<u>37</u>	<u>197</u>	<u>–</u>	<u>234</u>
Total	<u>135,427</u>	<u>197</u>	<u>–</u>	<u>135,624</u>
<b>Segment results</b>	<u>1,985</u>	<u>(1,766)</u>	<u>(809)</u>	<u>(590)</u>
<b>Reconciliation:</b>				
Unallocated other income				458
Interest income				121
Unallocated expenses				(5,291)
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>

For the six months ended 30 September 2020

	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	121,950	–	17	121,967
Other income and gains	<u>43</u>	<u>161</u>	<u>–</u>	<u>204</u>
Total	<u>121,993</u>	<u>161</u>	<u>17</u>	<u>122,171</u>
<b>Segment results</b>	<u>2,661</u>	<u>(2,382)</u>	<u>(714)</u>	(435)
<b>Reconciliation:</b>				
Unallocated other income				32,003
Share option expenses				(7,237)
Unallocated expenses				(8,437)
Finance costs				<u>(144)</u>
Profit before income tax				15,750
Income tax expenses				<u>–</u>
Profit for the period				<u>15,750</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:

	<b>For the six months ended</b>	
	<b>30 September</b>	
	<b>2021</b>	<b>2020</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Cleaning and related service fee income	135,390	121,950
Waste treatment income	–	17
	<u>135,390</u>	<u>121,967</u>

Disaggregation of revenue from contracts with customers:

### For the six months ended 30 September 2021

Segments	<b>Cleaning</b>	<b>Total</b>
	<b>and related</b>	
	<b>services</b>	
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Geographical market</b>		
Hong Kong	<u>135,390</u>	<u>135,390</u>
Total	<u>135,390</u>	<u>135,390</u>
<b>Timing of revenue recognition</b>		
Over time	<u>135,390</u>	<u>135,390</u>
Total	<u>135,390</u>	<u>135,390</u>

**For the six months ended 30 September 2020**

<b>Segments</b>	Cleaning and related services (Unaudited) <i>HK\$'000</i>	Waste treatment (Unaudited) <i>HK\$'000</i>	Total (Unaudited) <i>HK\$'000</i>
<b>Geographical markets</b>			
Hong Kong	121,950	–	121,950
The People's Republic of China ("PRC")	–	17	17
Total	<u>121,950</u>	<u>17</u>	<u>121,967</u>
<b>Timing of revenue recognition</b>			
Over time	<u>121,950</u>	<u>17</u>	<u>121,967</u>
Total	<u>121,950</u>	<u>17</u>	<u>121,967</u>

**6. OTHER INCOME AND GAINS**

	<b>For the six months ended</b>	
	<b>30 September</b>	
	<b>2021</b> (Unaudited) <i>HK\$'000</i>	2020 (Unaudited) <i>HK\$'000</i>
Interest income	<b>121</b>	143
Management fee received	<b>30</b>	30
Government subsidies*	<b>230</b>	31,860
Dividend income on financial assets at fair value through profit or loss	<b>228</b>	–
Net gain on disposals of property, plant and equipment	<b>118</b>	–
Sundry income	<b>86</b>	174
	<u><b>813</b></u>	<u>32,207</u>

\* This mainly represented subsidies receivable by the Group from the Hong Kong Government under the Employment Support Scheme and the One-off Subsidy for Transport Trade under the Anti-epidemic Fund.

## 7. (LOSS)/PROFIT BEFORE INCOME TAX

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

	For the six months ended 30 September	
	2021	2020
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Cost of services rendered*	122,743	108,452
Depreciation of property, plant and equipment	1,332	1,299
Depreciation for right-of-use assets	1,380	1,414
Net gain on disposals of property, plant and equipment	(118)	(1)
Loss on written off of property, plant and equipment	1	39
Fair value loss on an investment property	528	–
Share option expenses	–	7,237
Gain on disposal of a subsidiary	–	1,223

\* The cost of services rendered includes employee benefit expenses of approximately HK\$82,926,000 (six months ended 30 September 2020: HK\$79,611,000) 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	
	2021	2020
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Leases interest	130	80
Interest on promissory notes	120	64

## 9. INCOME TAX CREDIT

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 2021. 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 2021.

Pursuant to the relevant tax law of the Hong Kong Special Administrative Region, Hong Kong profits tax has to be provided at the rate of 16.5% (six months ended 30 September 2020: 16.5%) on the estimated assessable profits arising in Hong Kong during the current interim period.

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 2020: 25%) on their assessable profits.

	<b>For the six months ended</b>	
	<b>30 September</b>	
	<b>2021</b>	2020
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
<b>Current tax</b>		
Hong Kong – over-provision in prior year	<b>9</b>	–
The PRC	<b>3</b>	–
	<u>12</u>	–
Deferred tax	<b>(132)</b>	–
	<u><b>(120)</b></u>	<u>–</u>

#### **10. (LOSS)/EARNING PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY**

##### **Basic and diluted (loss)/earning per share**

The calculation of the basic and diluted (loss)/earning per share amounts is based on the loss for the interim period attributable to owners of the Company of approximately HK\$5,189,000 (six months ended 30 September 2020: profit for the period attributable to owners of the Company of approximately HK\$15,961,000), and the weighted average number of ordinary shares of 1,804,869,796 (six months ended 30 September 2020: 1,697,017,337) in issue during the interim period.

The diluted (loss)/earning per share is the same as the basic (loss)/earning per share for the six months ended 30 September 2021 and 2020 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 2021, the Group acquired items of property, plant and equipment with a cost of approximately HK\$735,000 (30 September 2020: HK\$927,000). Items of property, plant and equipment with carrying amount of approximately HK\$175,000 were written off and disposal during the six months ended 30 September 2021 (30 September 2020: HK\$39,000), resulting in a net gain on written off and disposal of property, plant and equipment of approximately HK\$117,000 (30 September 2020: net loss on written off and disposal of property, plant and equipment of approximately HK\$38,000).

## 12. INVESTMENT PROPERTIES

	<b>30 September 2021 (Unaudited) HK\$'000</b>	31 March 2021 (Audited) HK\$'000
At the beginning of the period/year	6,390	6,169
Fair value loss on investment properties	(528)	(331)
Transfer to non-current assets classified as held for sale	(1,619)	–
Exchange realignment	89	552
	<hr/>	<hr/>
At the end of the period/year	<b>4,332</b>	<b>6,390</b>

## 13. TRADE RECEIVABLES

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:

	<b>30 September 2021 (Unaudited) HK\$'000</b>	31 March 2021 (Audited) HK\$'000
Within 30 days	21,904	19,735
31 to 60 days	16,229	15,706
61 to 90 days	4,475	4,671
91 to 120 days	38	–
Over 120 days	–	57
	<hr/>	<hr/>
	<b>42,646</b>	<b>40,169</b>

## 14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	<b>30 September 2021 (Unaudited) HK\$'000</b>	31 March 2021 (Audited) HK\$'000
Prepayments	3,951	2,371
Deposits	4,290	3,063
Other receivables	21,868	22,093
Amount due from a related company	6,842	6,869
Less: Impairment loss recognised on other receivables	(19,381)	(19,381)
	<hr/>	<hr/>
	<b>17,570</b>	<b>15,015</b>

## 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\$2,074,000 (31 March 2021: HK\$2,073,000), and a property owned by of a related company which is controlled by a director of the Company.

## 16. TRADE PAYABLES

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

	<b>30 September 2021 (Unaudited) HK\$'000</b>	31 March 2021 (Audited) HK\$'000
Within 30 days	<b>6,502</b>	4,594
31 to 60 days	<b>5,456</b>	4,236
Over 90 days	<b>537</b>	528
	<b><u>12,495</u></b>	<u>9,358</u>

## 17. OTHER PAYABLES AND ACCRUALS

	<b>30 September 2021 (Unaudited) HK\$'000</b>	31 March 2021 (Audited) HK\$'000
Other payables	<b>10,140</b>	9,872
Consideration received from disposal of an investment property	<b>1,634</b>	–
Accrued liabilities ( <i>Note</i> )	<b>26,103</b>	26,121
	<b><u>37,877</u></b>	<u>35,993</u>

*Note:* Accrued liabilities mainly represent the staff cost and benefit 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 3 June 2021, 29 June 2021 and 8 July 2021, respectively. During the period, the repayment dates of these promissory notes have been extended to 3 January 2022, 29 December 2021 and 8 January 2022, respectively.

**19. DIVIDEND**

No dividends were paid, declared, or proposed during the interim period. The directors of the Company have determined that no dividend will be paid in respect of the interim period.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Operating Results**

The Group's revenue for the six months ended 30 September 2021 amounted to approximately HK\$135,390,000 (30 September 2020: HK\$121,967,000) represented a 11.0% increase as compared to the corresponding period in 2020. The loss of the owners of the Group for the six months ended 30 September 2021 was approximately HK\$5,189,000 (30 September 2020: profit of approximately HK\$15,961,000). Cleaning and related services business made a profit of approximately HK\$1,985,000, the advertising media business made a loss of approximately HK\$1,766,000, and the waste treatment business made a loss of approximately HK\$809,000.

Revenue increased by 11.0% mainly because revenue for the previous period was significantly reduced due to the fact that one of the Group's major clients, which is in the aviation related business, had its business substantially curtailed due to restriction in international travel and therefore resulted in significant decrease in demand for services from our Group, whereas in the current period, the Group was successful in obtaining new businesses for the provision of cleaning and pest control services for one of the major air-cargo suppliers located in Lantau Island and a residential estate also located in Lantau Island.

Other operating expenses, which amounted to approximately HK\$45,420,000 (30 September 2020: HK\$38,407,000), represented a period-to-period 18.3% increase. Such expenses mainly included the costs of services rendered under cleaning and related services business, which accounted for 95.3% of other operating expenses in the current period. The increase in cost of services rendered was in line with the increase in revenue.

### **Financial Review**

As at 30 September 2021, the Group's cash and cash equivalents and pledged time deposits were approximately HK\$94,171,000 (31 March 2021: HK\$96,026,000) and its current ratio was 2.4 (31 March 2021: 2.8).



The Group's net assets as at 30 September 2021 were approximately HK\$130,259,000 (31 March 2021: HK\$135,330,000).

As at 30 September 2021, the Group did not have any bank borrowings but the Group had lease liabilities and loans from directors of approximately HK\$11,145,000 and HK\$9,620,000 respectively (31 March 2021: HK\$4,479,000 and HK\$6,369,000). The Group's shareholders' equity amounted to approximately HK\$130,156,000 as at 30 September 2021 (31 March 2021: HK\$135,049,000).

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.

As at 30 September 2021, the Group's banking facilities were secured by the pledge of certain of the Group's time deposits amounting to approximately HK\$2,074,000 (31 March 2021: HK\$2,073,000), and a property of a related company which is controlled by a director of the Company.

## **Business Review**

The Group is principally engaged in three business segments: (i) advertising media business; (ii) cleaning and related services business; and (iii) waste treatment business. During the six months ended 30 September 2021, the impact brought by COVID-19 remains severe, the Group's business was inevitably being affected to a certain extent.

### *Advertising Media Business*

Due to COVID-19 outbreak, the Group's advertising media business had ceased since the second quarter of 2020 to minimise 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*

The cleaning and related services business continued to face various challenges, such as labour shortage, during the reporting period. However, our appetite to grow the business remains intact. We succeeded in securing a two-year contract for the provision of cleaning and pest control services for one of the major air cargo suppliers in Lantau Island. This contract signified our strength in the flexibility of manpower deployment and high degree of adherence to the customer's stringent safety requirements.

We have also secured a three-year contract for the provision of overnight cleaning services to kitchens and pantries for one of Hong Kong's most established clubs in Happy Valley. Our success in obtaining this contract will no doubt bolster our future roadmap in obtaining more such cleaning contracts in the catering industry in the future.

A three-year cleaning contract for a top-notch commercial building in Central has been renewed amid severe competition. We will also be providing pest control service for the first time under the new contract.

In respect of providing cleaning and related services to residential buildings, we have succeeded in securing a two-year contract for a luxurious residential property in North Point and renewing a two-year contract for a prestigious residential estate in South Island.

While Hong Kong and indeed the world continue to be affected by the social and economic effects of the pandemic, we gained ground in attracting some COVID-19 related business, including providing disinfection services to commercial, residential and retail properties. Clients were eager to maintain opening their businesses in a safe environment amidst the adverse impact of the pandemic. Consequently, we are highly sought after to provide them with skilled labour and efficient cleaning and disinfection work.

The freezing of the Statutory Minimum Wage, a first since its implementation in 2011, announced by the HKSAR Government in February 2021, did shoulder some burdens from the industry. We see signs that Hong Kong's economy is recovering as business environment gradually becomes more favourable and that it will maintain its momentum. We are confident that business will soon be getting back to normal in the latter part of 2021 and beyond.

### *Waste Treatment Business*

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

## **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 pandemic has a notable impact on everyone and our business is of no exception. While the demand for cleaning services has witnessed an unusual surge, on the other hand, expenses such as provision of equipment, sanitizers and application apparatuses increased significantly in the past year. This led to a slimming of our profit margin in some of our cleaning contracts.

While the requirement for cleaning and related services will continue to be needed across all sectors, customers are also price conscious. As a result, we need to work hard on our pricing strategies when tendering for such business. Labour shortage is another headache for the cleaning industry because the supply of labour in the labour market is squeezed as the catering industry starts to recover after a period of stillness in business. Our Group will ensure that our customers continue to receive our most attentive and highest quality of service.

### *Business Prospect and Looking Forward*

There is still a high degree of uncertainty about the pandemic, and the outlook for the global economic recovery is still slow. Looking forward, the management will continue to closely monitor the development of COVID-19 and will take all necessary and appropriate measures to reduce the impact of COVID-19 to the Group. The management will continue to stay cautious to economic changes and fine tune the Group's development and operation strategies. At the same time, the management will continue seizing business opportunities in a prudent but proactive manner aiming to create value for the shareholders of the Group.

## **Interim Dividend**

The Board did not recommend the payment of an interim dividend to the shareholders of the Company (the “Shareholders”) for the six months ended 30 September 2021 (30 September 2020: Nil).

## **Contingent Liabilities**

At the end of the reporting period, the Group had contingent liabilities as follows:

- (a) The Group has executed performance guarantees to the extent of an aggregate amount of approximately HK\$11,709,000 (31 March 2021: HK\$15,444,000) in respect of certain services provided to various customers. HK\$7,079,000 (31 March 2021: HK\$1,997,000) has been withdrawn before the date of this announcement.
- (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 2021 and 31 March 2021.

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.

## **Event 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 2021 was 1,095 (31 March 2021: 1,086). Total staff costs, including directors’ emoluments and net pension contributions, for the reporting period amounted to approximately HK\$92,387,000 (30 September 2020: approximately HK\$89,923,000). The Group provides employees with training programmes to equip them with the latest skills and also provide 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 2021.

## **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.

During the six months ended 30 September 2021, the Directors consider that the Company has complied with the code provisions set out in the CG Code throughout the reporting period, save for the deviation as set out below:

CG Code provision A.5.1 stipulated that the company should establish a nomination committee which is chaired by the chairman of the board or an independent non-executive director and comprises a majority of independent non-executive directors. Mr. Tsui Kwok Hing ("Mr. Tsui"), an executive Director, is the chairman of the nomination committee of the Company (the "Nomination Committee"). Following the resignation of Mr. Tsang Chi Hon, a former independent non-executive Director who resigned on 15 July 2021, as a member of the Nomination Committee and Mr. Wong Hon Kit ("Mr. Wong"), a former independent non-executive Director who resigned on 31 August 2021, as a member of the Nomination Committee, the composition of the Nomination Committee was not in compliance with the code provision A.5.1 of the CG Code. The aforesaid deviation from CG Code provision A.5.1 is rectified on 1 November 2021 upon the appointment of Mr. Tsui as the co-chairman of the Board and Mr. Leung Nga Tat ("Mr. Leung") as an independent non-executive Director and a member of the Nomination Committee respectively.

Save as those mentioned above and in the opinion of the Directors, the Company has met all the relevant code provisions set out in the CG Code throughout the six months ended 30 September 2021.

## **NON-COMPLIANCE WITH RULES 3.10(1) AND 3.21 OF THE LISTING RULES**

Following the resignation of Mr. Wong as an independent non-executive Director on 31 August 2021, the Company only had two independent non-executive Directors, thus the number of the independent non-executive Directors fell below the minimum number required under Rule 3.10(1) of the Listing Rules. As a result of the insufficient number of independent non-executive Directors, the Company had also failed to comply with the requirements set out in Rule 3.21 of the Listing Rules with regard to the minimum number of members and the composition of the audit committee. Following the appointment of Mr. Leung as an independent non-executive Director on 1 November 2021, the number of independent non-executive Directors had satisfied the minimum number required under Rule 3.10(1) of the Listing Rules. The Company also met the requirements set out in Rules 3.21 of the Listing Rules with regard to the composition of the audit committee.

## **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 the 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 2021.

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 or its securities. 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 of 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 2021 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 2021 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, 26 November 2021

*As at the date of this announcement, the Board comprises four executive Directors, namely, Mr. Lo Kou Hong, Mr. Fu Jun, Mr. Tsui Kwok Hing 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.*