

*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)**

### **(i) ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2022**

#### **AND**

### **(ii) CHANGE OF MEMBER OF BOARD COMMITTEE**

## **RESULTS**

The board (the “Board”) of directors (the “Directors”) of Xinhua News Media Holdings Limited (the “Company”) announces the consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 March 2022, together with the comparative figures for the year ended 31 March 2021, as follows:

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

*For the year ended 31 March 2022*

		<b>2022</b>	2021
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>REVENUE</b>	5	<b>276,426</b>	248,183
Other income and gains	6	<b>1,365</b>	49,632
Other losses	7	<b>(533)</b>	(1,173)
Staff costs	8	<b>(189,693)</b>	(194,108)
Depreciation and amortisation	8	<b>(6,012)</b>	(5,403)
Loss on fair value changes at financial assets at fair value through profit or loss	8	<b>(1,830)</b>	(196)
Other operating expenses		<b>(94,754)</b>	(75,768)
Fair value loss on investment properties	8,12	<b>(1,065)</b>	(331)
Finance costs	9	<b>(633)</b>	(387)

	<i>Notes</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>(LOSS)/PROFIT BEFORE TAX</b>	8	<b>(16,729)</b>	20,449
Income tax (expenses)/credits	10	<u>(425)</u>	<u>83</u>
<b>(LOSS)/PROFIT FOR THE YEAR</b>		<b>(17,154)</b>	20,532
Other comprehensive income, net of tax:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations:			
Exchange differences arising during the year		<b>402</b>	502
Exchange differences reclassified to profit or loss upon disposal of a subsidiary		<u>–</u>	<u>973</u>
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR</b>		<b><u>(16,752)</u></b>	<b><u>22,007</u></b>
<b>(LOSS)/PROFIT FOR THE YEAR ATTRIBUTABLE TO:</b>			
Owners of the Company		<b>(16,651)</b>	20,938
Non-controlling interests		<u>(503)</u>	<u>(406)</u>
		<b><u>(17,154)</u></b>	<b><u>20,532</u></b>
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR ATTRIBUTABLE TO:</b>			
Owners of the Company		<b>(16,284)</b>	22,554
Non-controlling interests		<u>(468)</u>	<u>(547)</u>
		<b><u>(16,752)</u></b>	<b><u>22,007</u></b>
<b>(LOSS)/EARNING PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>			
Basic and diluted	11	<b><u>HK\$(0.0093)</u></b>	<b><u>HK\$0.0120</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2022

	<i>Notes</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>13,181</b>	12,817
Investment properties	<i>12</i>	<b>2,220</b>	6,390
Financial assets at fair value through profit or loss	<i>13</i>	<b>13,976</b>	7,804
Right-of-use assets		<b>9,114</b>	4,160
Deferred tax assets		<b>212</b>	610
		<hr/>	<hr/>
<b>Total non-current assets</b>		<b>38,703</b>	31,781
		<hr/>	<hr/>
<b>Current assets</b>			
Inventories		<b>895</b>	149
Trade receivables	<i>14</i>	<b>56,524</b>	40,169
Prepayments, deposits and other receivables	<i>15</i>	<b>18,742</b>	15,015
Amount due from a director		–	60
Current tax assets		–	184
Structured deposits	<i>16</i>	–	7,000
Pledged time deposits	<i>17</i>	<b>2,075</b>	2,073
Cash and cash equivalents	<i>17</i>	<b>74,026</b>	93,953
		<hr/>	<hr/>
		<b>152,262</b>	158,603
		<hr/>	<hr/>
Non-current assets classified as held for sale		–	5,200
		<hr/>	<hr/>
<b>Total current assets</b>		<b>152,262</b>	163,803
		<hr/>	<hr/>
<b>Current liabilities</b>			
Trade payables	<i>18</i>	<b>11,634</b>	9,358
Other payables and accrued liabilities	<i>19</i>	<b>36,234</b>	35,993
Promissory notes payable	<i>20</i>	<b>3,000</b>	3,000
Amount due to a related company		<b>1,055</b>	1,055
Lease liabilities		<b>3,606</b>	2,521
Loans from directors		<b>14,258</b>	6,369
Tax payables		<b>283</b>	–
		<hr/>	<hr/>
<b>Total current liabilities</b>		<b>70,070</b>	58,296
		<hr/>	<hr/>
<b>Net current assets</b>		<b>82,192</b>	105,507
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		<b>120,895</b>	137,288
		<hr/>	<hr/>

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Non-current liabilities</b>		
Lease liabilities	<u>6,984</u>	<u>1,958</u>
<b>Total non-current liabilities</b>	<u>6,984</u>	<u>1,958</u>
<b>NET ASSETS</b>	<u><b>113,911</b></u>	<u>135,330</u>
<b>Equity</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	<b>18,049</b>	18,049
Reserves	<u>96,050</u>	<u>117,000</u>
	<b>114,099</b>	135,049
<b>Non-controlling interests</b>	<u>(188)</u>	<u>281</u>
<b>TOTAL EQUITY</b>	<u><b>113,911</b></u>	<u>135,330</u>

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

*For the year ended 31 March 2022*

### **1. CORPORATE INFORMATION**

Xinhua News Media Holdings Limited (the “Company”) is a limited liability company incorporated in the Cayman Islands. The registered office address of the Company is P.O. Box 309, Uglan 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.

During the year, the Company and its subsidiaries (collectively referred to as 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 consolidated financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand (“HK\$’000”), unless otherwise stated.

### **2. BASIS OF PREPARATION**

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) which also include Hong Kong Accounting Standards (“HKASs”) and interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), accounting principles generally accepted in Hong Kong, the applicable disclosure required by the Hong Kong Company Ordinance and the applicable disclosure provisions of Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The preparation of consolidated financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

In the current year, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 April 2021. HKFRSs comprise HKFRSs and HKAS and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current year and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

### **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 developing and operating advertising media; and
- (c) the waste treatment business segment engages in the provision of organic waste treatment and sale of 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 tax. The adjusted (loss)/profit before tax are measured consistently with the Group's (loss)/profit before tax except that interest income, government subsidies, dividend income on financial assets at FVTPL, equity-settled share option expenses, 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 sales and transfers between the segments.

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

	<b>For the year ended 31 March 2022</b>			
	<b>Cleaning and related services <i>HK\$'000</i></b>	<b>Advertising media business <i>HK\$'000</i></b>	<b>Waste treatment <i>HK\$'000</i></b>	<b>Total <i>HK\$'000</i></b>
<b>Segment revenue:</b>				
Service income from external customers	276,426	–	–	276,426
Other income and gains	196	349	119	664
	<u>276,622</u>	<u>349</u>	<u>119</u>	<u>277,090</u>
Total				
Segment results	<u>1,729</u>	<u>(4,794)</u>	<u>(1,688)</u>	<u>(4,753)</u>
Reconciliation:				
Unallocated other incomes				468
Interest income				233
Unallocated expenses				(12,044)
Finance costs				<u>(633)</u>
Loss before tax				(16,729)
Income tax expenses				<u>(425)</u>
Loss for the year				<u>(17,154)</u>
The following is an analysis of the Group's assets and liabilities by reportable segments:				
<b>Segment assets:</b>	<u>164,401</u>	<u>18,375</u>	<u>8,189</u>	<u>190,965</u>
Total assets				<u>190,965</u>
<b>Segment liabilities:</b>	<u>43,131</u>	<u>12,263</u>	<u>7,402</u>	<u>62,796</u>
Reconciliation:				
Loans from directors				<u>14,258</u>
Total liabilities				<u>77,054</u>
<b>Other segment information:</b>				
Capital expenditure ( <i>Note</i> )	2,935	8	–	2,943
Depreciation and amortisation	<u>3,905</u>	<u>944</u>	<u>1,163</u>	<u>6,012</u>

For the year ended 31 March 2021

	Cleaning and related services <i>HK\$'000</i>	Advertising media business <i>HK\$'000</i>	Waste treatment <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Segment revenue:</b>				
Service income from external customers	248,166	–	17	248,183
Other income and gains	148	212	228	588
Total	248,314	212	245	248,771
Segment results	2,466	(6,796)	(1,380)	(5,710)
Reconciliation:				
Unallocated other incomes				48,792
Interest income				252
Equity-settled share option expenses				(7,237)
Unallocated expenses				(15,261)
Finance costs				(387)
Profit before tax				20,449
Income tax credits				83
Profit for the year				20,532
The following is an analysis of the Group's assets and liabilities by reportable segments:				
<b>Segment assets:</b>	160,154	26,690	8,740	195,584
Total assets				195,584
<b>Segment liabilities:</b>	35,257	11,827	6,801	53,885
Reconciliation:				
Loans from a director				6,369
Total liabilities				60,254
<b>Other segment information:</b>				
Capital expenditure ( <i>Note</i> )	1,264	582	225	2,071
Depreciation and amortisation	3,213	1,098	1,092	5,403

*Note:* Capital expenditure consists of additions of property, plant and equipment and intangible assets.



## Geographical information

	Revenue from external customers		Non-current assets	
	Year ended 31 March		Year ended 31 March	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	<b>276,426</b>	248,166	<b>27,196</b>	14,531
The People's Republic of China (the "PRC")	–	17	<b>11,480</b>	17,223
Macau	–	–	<b>27</b>	27
	<b><u>276,426</u></b>	<b><u>248,183</u></b>	<b><u>38,703</u></b>	<b><u>31,781</u></b>

The revenue and non-current assets information above are based on the location of the customers and that of the assets, respectively.

## Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Customer A	<b>85,258</b>	70,882
Customer B	<b>31,153</b>	29,824
Customer C	<b>28,679</b>	N/A
Customer D	<b><u>N/A</u></b>	<b><u>25,055</u></b>

## 5. REVENUE

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

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cleaning and related service fee income	<b>276,426</b>	248,166
Waste treatment income	–	17
	<b><u>276,426</u></b>	<b><u>248,183</u></b>

**Disaggregation of revenue from contracts with customers:**

<b>Segments</b>	<b>2022 Cleaning and related services HK\$'000</b>
<b>Geographical markets</b>	
Hong Kong	<u>276,426</u>
Total	<u>276,426</u>
<b>Timing of revenue recognition</b>	
Over time	<u>276,426</u>
Total	<u><b>276,426</b></u>

<b>Segments</b>	Cleaning and related services HK\$'000	Waste treatment HK\$'000	2021 Total HK\$'000
<b>Geographical markets</b>			
Hong Kong	248,166	–	248,166
The PRC	<u>–</u>	<u>17</u>	<u>17</u>
Total	<u>248,166</u>	<u>17</u>	<u>248,183</u>
<b>Timing of revenue recognition</b>			
Over time	<u>248,166</u>	<u>17</u>	<u>248,183</u>
Total	<u><b>248,166</b></u>	<u><b>17</b></u>	<u><b>248,183</b></u>

The Group provides cleaning and related service and waste treatment service are recognized on a monthly basis when the services are rendered. The amount for which can be reliably estimated and it is probable that the income will be received. The cleaning and related services and waste treatment service income are normally made with credit terms of 0 to 90 days.

## 6. OTHER INCOME AND GAINS

	<b>2022</b>	2021
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Interest income	233	252
Management fee received	60	60
Government subsidies ( <i>Note 1</i> )	37	48,761
Dividend income on financial assets at FVTPL	431	31
Sundry income	604	528
	<u>1,365</u>	<u>49,632</u>

*Note:*

1. This represented subsidies received by the Group from the Macau Government under the cash support plan for workers, self-employed professionals and operators of commercial establishments for the year 2021 (2021: Hong Kong Government under the Employment Support Scheme and the One-off Subsidy for Transport Trade under the Anti-epidemic Fund.)

## 7. OTHER LOSSES

	<b>2022</b>	2021
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Impairment on intangible assets	533	200
Loss on disposal of a subsidiary	–	973
	<u>533</u>	<u>1,173</u>

## 8. (LOSS)/PROFIT BEFORE TAX

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

	<i>Note</i>	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
Employee benefit expenses (including directors' remuneration):			
Wages, salaries and other benefits		<b>180,880</b>	176,968
Retirement benefit scheme contributions		<b>6,887</b>	7,284
Equity-settled share option expenses		–	7,237
(Reversal of)/provision for long service payments		<b>(251)</b>	601
Provision for untaken paid leave		<b>2,177</b>	2,018
		<hr/>	<hr/>
Total employee benefit expenses		<b>189,693</b>	194,108
		<hr/>	<hr/>
Cost of services rendered*		<b>252,968</b>	224,535
Auditors' remuneration			
– Audit service		<b>710</b>	710
– Non-audit service		<b>52</b>	37
Depreciation on property, plant and equipment		<b>2,782</b>	2,673
Depreciation on right-of-use assets		<b>3,230</b>	2,730
Net gain on disposals of property, plant and equipment		<b>(117)</b>	(2)
Write-off of property, plant and equipment		<b>13</b>	39
Loss on fair value changes at financial assets at fair value through profit or loss		<b>1,830</b>	196
Fair value loss on investment properties	<i>12</i>	<b>1,065</b>	331
		<hr/>	<hr/>

\* The cost of services rendered includes employee benefit expenses of approximately HK\$170,030,000 (2021: HK\$165,991,000) incurred in the provision of services which has been included in the employee benefit expenses above.

## 9. FINANCE COSTS

	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
Leases interest	<b>393</b>	203
Interest on promissory notes	<b>240</b>	184
	<hr/>	<hr/>
	<b>633</b>	387
	<hr/>	<hr/>

## 10. INCOME TAX EXPENSES/(CREDITS)

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current tax charge for the year		
Hong Kong	9	–
The PRC	3	–
	<u>12</u>	<u>–</u>
Deferred tax	413	(83)
	<u>425</u>	<u>(83)</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 year. No provision for Macau Complementary Tax is required as the Company's subsidiary in Macau incurred tax losses for the year.

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% (2021: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

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 is subject to the tax rate of 15% for being encourage industries at specified area. Other subsidiaries located in the PRC are subject to the PRC Enterprise Income Tax at a rate of 25% (2021: 25%) on their assessable profits.

## 11. (LOSS)/EARNING PER SHARE

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

The calculation of the basic and diluted loss per share amounts is based on the loss for the year attributable to owners of the Company of approximately HK\$16,651,000 (2021: basic and diluted earning per share amounts is based on the profit for the year attributable to owners of the Company of approximately HK\$20,938,000), and the weighted average number of ordinary shares of 1,788,248,792 (2021: 1,750,795,823) in issue during the year.

The diluted (loss)/earning per share is the same as the basic (loss)/earning per share for the year ended 31 March 2022 and 2021 because the Company's share options outstanding during these years were anti-dilutive.

## 12. INVESTMENT PROPERTIES

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
At the beginning of the year	<b>6,390</b>	6,169
Disposal of investment properties	<b>(3,267)</b>	–
Fair value loss on investment properties	<b>(1,065)</b>	(331)
Exchange realignment	<b>162</b>	552
	<hr/>	<hr/>
At the end of the year	<b>2,220</b>	6,390

The estimated fair value of investment properties as at 31 March 2022 was approximately HK\$2,220,000 (2021: HK\$6,390,000), which has been arrived at on the basis of a valuation carried out by Greater China Appraisal Limited, an independent professional valuer.

## 13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Assets management funds	<b>13,976</b>	7,804

#### 14. TRADE RECEIVABLES

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables	<b>56,707</b>	40,344
Less: Impairment loss recognised on trade receivables	<b>(183)</b>	(175)
	<b><u>56,524</u></b>	<u>40,169</u>

The Group's trading terms with its customers are mainly on credit. Trade receivables are non-interest-bearing and are generally terms of 0 to 90 days. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by management. The Group does not hold any collateral or other credit enhancements over its trade receivables balances.

Reconciliation of impairment loss for trade receivables:

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Balance at the beginning of the year	<b>175</b>	160
Exchange realignment	<b>8</b>	15
	<b><u>183</u></b>	<u>175</u>

An aged analysis of trade receivables as at the end of the reporting period, based on the invoice dates and net of provisions, is as follows:

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 30 days	<b>21,701</b>	19,735
31 to 60 days	<b>17,382</b>	15,706
61 to 90 days	<b>11,078</b>	4,671
91 to 120 days	<b>5,045</b>	–
Over 120 days	<b>1,318</b>	57
	<b><u>56,524</u></b>	<u>40,169</u>

The Group's credit risk is primarily attributable to its trade receivables. In order to minimise credit risk, the Directors have delegated a team to be responsible for the determination of credit limits, credit approvals and other monitoring procedures. In addition, the Directors review the recoverable amount of each individual trade debt regularly to ensure that adequate impairment losses are recognised for irrecoverable debts. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

The Group applies the simplified approach under HKFRS 9 to provide for expected credit losses using the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The weighted average expected credit losses also incorporate forward looking information.

	Current	Within 30 days past due	31-60 days past due	61-120 days past due	121 days - 1 year past due	Over 1 year past due	Total
<b>At 31 March 2022</b>							
Weighted average expected loss rate	0%	0%	0%	0%	0%	100%	
Receivable amount (HK\$'000)	50,161	5,045	712	602	4	183	56,707
Loss allowance (HK\$'000)	-	-	-	-	-	183	183
<b>At 31 March 2021</b>							
Weighted average expected loss rate	0%	0%	0%	0%	93.58%	0%	
Receivable amount (HK\$'000)	40,112	2	-	43	187	-	40,344
Loss allowance (HK\$'000)	-	-	-	-	175	-	175

#### 15. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
Prepayments	<b>3,511</b>	2,371
Deposits	<b>3,774</b>	3,063
Other receivables	<b>24,036</b>	22,093
Amount due from a related company	<b>6,802</b>	6,869
Less: Impairment recognised on other receivables and deposits	<b>(19,381)</b>	(19,381)
	<b><u>18,742</u></b>	<u>15,015</u>

The other receivables mainly included the loan receivable (the "Loan") which was advanced to Sheng Tang Petroleum & Chemical Development Limited (the "Borrower"), an independent third party of the Company. The Loan is unsecured and receivable on demand. The loan receivable is charged at an interest rate of 6% per annum. As of 31 March 2018, the Loan in the original principal amount of HK\$18,000,000, bearing interest at a rate of 6% per annum, an amount of HK\$3,690,000 was outstanding and total HK\$18,690,000 was made for the provision of impairment, after considering subsequent settlement of HK\$3,000,000.



On 4 October 2018, the Company obtained a final judgement from the Court of First Instance of the High Court of The Hong Kong Special Administrative Region against the Borrower for recovering the Loan. Based on a legal advice provided in October 2018, the Board decided to enforce the final judgement on 30 November 2018. In March 2019, the Company successfully obtained garnishee orders from the Court of First instance to order banks to pay to the Company relevant amount and attend a hearing. However, banks later replied to the legal representative of the Company that either no fund was attached or the bank account was closed by the Borrower therefore would not attend the hearing.

During the years ended 31 March 2021 and 31 March 2022, no further actions have been taken by the Company. The Company will however, closely monitor the development of the matter and will take appropriate action when necessary.

## 16. STRUCTURED DEPOSITS

As at 31 March 2021, the Group has principal-protected floating income structured deposits of HK\$7,000,000 issued by banks which carried interest ranging from 0.51% to 0.65% per annum. As the Directors evaluate the performance of the structured deposits on a fair value basis, the Group designated the structured deposits as financial asset at fair value through profit or loss on initial recognition. The fair value of the structured deposits was determined by reference to recent market transaction. It's fully redeemed during the year ended 31 March 2022.

## 17. CASH AND CASH EQUIVALENTS AND PLEDGED TIME DEPOSITS

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Cash and bank balances	<b>32,858</b>	31,856
Time deposits	<b>43,243</b>	64,170
	<b>76,101</b>	96,026
Less: Pledged short-term time deposits for banking facilities	<b>(2,075)</b>	(2,073)
Cash and cash equivalents	<b>74,026</b>	93,953

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to approximately HK\$302,000 (2021: HK\$238,000). RMB is not freely convertible into other currencies; however, under PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

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

## 18. TRADE PAYABLES

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

	<b>2022</b>	2021
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Within 30 days	<b>6,098</b>	4,594
31 to 60 days	<b>4,986</b>	4,236
Over 90 days	<b>550</b>	528
	<b><u>11,634</u></b>	<u>9,358</u>

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

## 19. OTHER PAYABLES AND ACCRUALS

	<b>2022</b>	2021
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Other payables	<b>10,891</b>	9,872
Accrued liabilities	<b>25,343</b>	26,121
	<b><u>36,234</u></b>	<u>35,993</u>

## 20. 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 and bearing interest at 8% per annum. As at the year ended 31 March 2022, the promissory notes are repayable on 31 January 2023 (as at 31 March 2021: repayable on 3 June 2021, 29 June 2021 and 8 July 2021, respectively).

## 21. DIVIDEND

The Directors do not recommend the payment of a dividend to shareholders for the year ended 31 March 2022 (2021: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### Operating Results

The Group's revenue for the year ended 31 March 2022 amounted to approximately HK\$276,426,000 (2021: HK\$248,183,000), a 11.4% increase as compared to the previous year. The loss attributable to the owners of the Group for the year was approximately HK\$16,651,000 (2021: profit for the year of approximately HK\$20,938,000). The cleaning and related services business made a profit of approximately HK\$1,729,000, the advertising media business made a loss of approximately HK\$4,794,000, and the waste treatment business made a loss of approximately HK\$1,688,000.

Revenue increased by 11.4% mainly because, during the year, the Group was successful in securing a new contract for the provision of cleaning services to a prestigious residential estate located at Lantau Island and another new contract for the provision of cleaning and related services to a customer located at Hong Kong International Airport but was unsuccessful in renewing the cleaning contract for a residential estate located at Tseung Kwan O.

Other income dropped significantly as the amount of last year mainly consisted of subsidies received 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.

Other operating expenses, which amounted to approximately HK\$94,754,000 (2021: HK\$75,768,000), represented a year-to-year 25.1% increase. Such expenses mainly included the cost of services rendered under cleaning and related services business, accounted for 85.6% of other operating expenses in the current period. The increase in the cost of services rendered was in line with the increase in the revenue, with extra costs spent on anti-pandemic related tools and equipment.

### Financial Review

As at 31 March 2022, the Group's cash and cash equivalents and pledged time deposits totaled approximately HK\$76,101,000 (2021: HK\$96,026,000) and its current ratio was 2.2 (2021: 2.8). The Group's net assets were approximately HK\$113,911,000 (2021: HK\$135,330,000).

As at 31 March 2022, the Group did not have any bank borrowings but the Group had lease liabilities and loans from directors of approximately HK\$10,590,000 and HK\$14,258,000 respectively (2021: HK\$4,479,000 and HK\$6,369,000). The Group's shareholders' equity amounted to approximately HK\$114,099,000 (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 business are transacted in HK\$, whereas those of the waste treatment business and advertising media business are transacted in 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 31 March 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 (2021: HK\$2,073,000) and a property owned by 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 year ended 31 March 2022, the impact brought by COVID-19 remains severe, the Group's businesses were inevitably being affected.

### *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*

As the pandemic drags on, it is a daunting task for many businesses to stay afloat, let alone make a profit, and the cleaning business is no exception. In particular, the Group experienced severe labour shortage, especially in February and March 2022, due to the sweeping 5<sup>th</sup> wave of the epidemic as many of our front-line cleaners have been infected and were forced to take sick leave.

On top of the shortage of labour, extra costs were spent on anti-pandemic related tools and equipment, including face masks, face shields, protection overalls and rapid antigen tests kits. Disinfection equipment such as fogging machines and disinfectants were among the highest demand during the 5<sup>th</sup> wave.

However, on the plus side, there was a surge in demand for disinfection services during the height of the 5<sup>th</sup> wave from our existing customers from both the commercial sector and the residential sector, as well as from new customers who were either referred to us or who had come to know of our professional capability in simply doing a good job. Our new customers included police headquarters and police stations. Our disinfection team has worked round the clock to satisfy the demand from all our customers. We are grateful that we were given the opportunity to offer them a healthy and safe environment.

In the past year under review, we secured a two-year cleaning contract for a prestigious residential property in Pokfulam. We also secured a one-year cleaning contract for a prestigious office building in Central belonging to a well-respected and well-rooted family business in Hong Kong, in which we have offered services to their commercial and residential properties for over ten years. We were also successful in obtaining a two-year contract for the provision of disinfection service for a renowned property developer for all their properties in Hong Kong.

#### *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 global economy has been adversely affected by the outbreak of the pandemic. While the future remains uncertain, we will continue providing our customers the best services we can offer so that they get value for money.

The Group was unsuccessful in renewing a few cleaning contracts from an existing customer amidst strong competition shortly after the year end. As a result, the turnover for the coming year may be affected. However, with the aviation industry slowly reviving, our provision of services to an aviation related business client may be in strong demand in the coming year.

We are confident that with our strong connections with customers, our professionalism in the provision of cleaning and disinfection services and our motto of offering best value for money, our business will remain strong and come out of this adverse situation a winner.

### *Summary*

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.

### **Dividend**

The Directors do not recommend the payment of a dividend to shareholders for the year ended 31 March 2022 (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 HK\$4,630,000 (2021: HK\$15,440,000) 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 31 March 2022 and 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**

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”).

On 21 June 2022, as all conditions to the Placing Agreement have been fulfilled and completion of the Placing took place (“Completion”). An aggregate of 126,200,000 Placing Shares have been successfully placed by the Placing Agent to not less than six Placees 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 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\$7,731,588. The Company intends to use such net proceeds for the general working capital and future business opportunities and investment.

## **Employees and Remuneration Policies**

The total number of employees of the Group as at 31 March 2022 was 1,071 (2021: 1,086). Total staff costs, including directors’ emoluments and net pension contributions, for the period under review amounted to HK\$189,693,000 (2021: HK\$194,108,000). 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 year.

## **COMPLIANCE WITH CORPORATE GOVERNANCE CODE OF THE LISTING RULES**

The Board recognises the vital importance of a good corporate governance to the Group's management, success and sustainability. Corporate governance practices would be reviewed from time to time to ensure compliance with the regulatory requirements and to meet the rising expectations of shareholders and investors relating to 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 on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company has adopted the code provisions in the CG Code as its own code of corporate governance. During the year ended 31 March 2022, the Directors consider that the Company has complied with the code provisions set out in the CG Code throughout the year, 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.



## **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.

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 year ended 31 March 2022.

## **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 year ended 31 March 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 or its securities. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

## **SCOPE OF WORK OF ZHONGHUI ANDA CPA LIMITED**

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 March 2022 as set out in this preliminary announcement have been agreed by the Group's auditor, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 March 2022. The work performed by ZHONGHUI ANDA CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by ZHONGHUI ANDA CPA Limited on the preliminary announcement.

## **AUDIT COMMITTEE**

The Company established an audit committee of the Company (the "Audit Committee") with written terms of reference in compliance with the Listing Rules. As at the date of this announcement, the Audit Committee comprised three independent non-executive Directors, namely, Mr. Yau Pak Yue (the chairman of the Audit Committee), Mr. Wang Qi and Mr. Leung Nga Tat. The Audit Committee has reviewed together with the management of the Company the accounting principles, accounting standards and methods adopted by the Company, discussed the matters concerning internal control, auditing and financial reporting matters and has reviewed the consolidated financial statements of the Group for the year ended 31 March 2022.

## **CLOSURE OF REGISTER OF MEMBERS**

For the purpose of determining the identity of the shareholders entitle to attend and vote at the forthcoming annual general meeting of the Company to be held on Friday, 9 September 2022, the register of members of the Company will be closed from Monday, 5 September 2022 to Friday, 9 September 2022, both dates inclusive, during which period no transfer of shares will be effected. All transfer of Shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Friday, 2 September 2022.

## **PUBLICATION OF RESULTS ANNOUNCEMENT AND DESPATCH OF ANNUAL REPORT**

The annual results announcement is published on the websites of the Stock Exchange at ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company at ([www.XHNmedia.com](http://www.XHNmedia.com)). The 2021/2022 annual report containing all the information required by the Listing Rules will be despatched to the Company's shareholders and available on the above websites in due course.

## **APPRECIATION**

On behalf of the Board, I would like to express my sincere gratitude to the management team and staff for their tireless dedication that helped fuel the Group's healthy development. In addition, I would also like to thank all our shareholders, business partners and customers for their continuous support. We will continue to devote unwavering efforts to reap promising returns for all parties.

## **CHANGE OF MEMBER OF BOARD COMMITTEE**

Mr. Tsui Kwok Hing, the Co-Chairman and an executive Director, was appointed as a member of the remuneration committee of the Company with effect from 24 June 2022.

By order of the Board  
**Xinhua News Media Holdings Limited**  
**Fu Jun**  
*Chief Executive Officer and Executive Director*

Hong Kong, 24 June 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 Chun Ping and three independent non-executive Directors, namely, Mr. Wang Qi, Mr. Yau Pak Yue and Mr. Leung Nga Tat.*