

XINHUA
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XINHUA NEWS MEDIA HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 309

INTERIM REPORT
2023/2024



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Lo Kou Hong (Chairman)
Tsui Kwok Hing (Co-Chairman)
Fu Jun (retired on 28 September 2023)
Leung Cheung Hang

Non-executive Directors

Wang Guan
Wang Chungping

Independent Non-executive Directors

Wang Qi
Yau Pak Yue
Leung Nga Tat

AUDIT COMMITTEE

Yau Pak Yue (Chairman)
Wang Qi
Leung Nga Tat

REMUNERATION COMMITTEE

Yau Pak Yue (Chairman)
Tsui Kwok Hing
Wang Qi
Leung Nga Tat

NOMINATION COMMITTEE

Tsui Kwok Hing (Chairman)
Leung Cheung Hang
Wang Qi
Yau Pak Yue
Leung Nga Tat

STRATEGY AND DEVELOPMENT COMMITTEE

Tsui Kwok Hing (Chairman)
Fu Jun (retired on 28 September 2023)
Yau Pak Yue

EXECUTIVE COMMITTEE

Tsui Kwok Hing (Chairman)
Fu Jun (retired on 28 September 2023)
Yau Pak Yue
Leung Nga Tat

CORPORATE GOVERNANCE COMMITTEE

Tsui Kwok Hing (Chairman)
Yau Pak Yue
Leung Nga Tat

COMPANY SECRETARY

Chan Yuen Ying Stella (resigned on 30 June 2023)
Ying Sui Wa (appointed on 26 October 2023)

AUTHORISED REPRESENTATIVES

Tsui Kwok Hing
Chan Yuen Ying Stella (resigned on 30 June 2023)
Ying Sui Wa (appointed on 26 October 2023)

AUDITORS

CCTH CPA Limited

REGISTERED OFFICE

P.O. Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 508B, 5/F, New East Ocean Centre
9 Science Museum Road, Tsim Sha Tsui
Kowloon, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Suntera (Cayman) Limited
Suite 3204, Unit 2A, Block 3
Building D
P.O. Box 1586
Gardenia Court
Camana Bay
Grand Cayman
KY1-100
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKERS

Dah Sing Bank, Limited
Chiyu Banking Corporation Limited
The Hongkong and Shanghai Banking Corporation Limited
Industrial and Commercial Bank of China Limited

SOLICITOR

NGANS Lawyers

STOCK CODE

309

COMPANY'S WEBSITE

www.XHNmedia.com

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 2023. 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 2023

	Notes	For the six months ended	
		30 September 2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Revenue	5	153,029	128,040
Other income and gains	6	1,278	3,023
Staff costs	7	(113,155)	(91,518)
Depreciation and amortisation		(2,742)	(3,098)
Loss on fair value changes at financial assets at fair value through profit or loss		(1,005)	(2,729)
Other operating expenses		(45,492)	(43,019)
Finance costs	8	(296)	(370)
Loss before income tax	7	(8,383)	(9,671)
Income tax credit	9	-	3
Loss for the period		(8,383)	(9,668)
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		(209)	(70)
Total comprehensive loss for the period		(8,592)	(9,738)
Loss for the period attributable to:			
Owners of the Company		(8,212)	(9,491)
Non-controlling interests		(171)	(177)
		(8,383)	(9,668)
Total comprehensive loss for the period attributable to:			
Owners of the Company		(8,402)	(9,709)
Non-controlling interests		(190)	(29)
		(8,592)	(9,738)
Loss per share attributable to the owners of the Company	10		
-Basic and diluted		(HK\$0.0043)	(HK\$0.0051)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2023

		30 September 2023 (Unaudited) HK\$'000	31 March 2023 (Audited) HK\$'000
	<i>Notes</i>		
ASSETS			
Non-current assets			
Property, plant and equipment	11	8,691	9,972
Investment properties	12	–	–
Financial assets at fair value through profit or loss		–	17,007
Right-of-use assets	13	4,853	5,781
Deposits paid for acquisition of property, plant and equipment		2,900	3,086
Total non-current assets		16,444	35,846
Current assets			
Inventories		231	288
Trade receivables	14	57,550	49,152
Prepayments, deposits and other receivables	15	13,370	18,307
Financial assets at fair value through profit or loss		16,063	–
Pledged time deposits	16	2,083	2,079
Cash and bank balances		64,041	70,125
Total current assets		153,338	139,951
Total assets		169,782	175,797
LIABILITIES			
Current liabilities			
Trade payables	17	13,027	12,670
Other payables and accruals	18	43,330	39,096
Promissory notes payable	19	3,000	3,000
Amount due to a related company		1,055	1,055
Lease liabilities		3,001	3,017
Loans from directors		5,990	7,047
Tax payables		283	283
Total current liabilities		69,686	66,168

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 30 September 2023

		30 September 2023 (Unaudited) HK\$'000	31 March 2023 (Audited) HK\$'000
	<i>Notes</i>		
Net current assets		83,652	73,783
Total assets less current liabilities		100,096	109,629
Non-current liabilities			
Lease liabilities		3,026	3,967
Total non-current liabilities		3,026	3,967
NET ASSETS		97,070	105,662
EQUITY			
Equity attributable to owners of the Company			
Share capital	21	19,311	19,311
Reserves		78,397	86,799
		97,708	106,110
Non-controlling interests		(638)	(448)
TOTAL EQUITY		97,070	105,662

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2023

	Attributable to owners of the Company										Non-controlling interests	Total equity
	Share capital	* Share premium	* Capital redemption reserve	* Merger reserve	* Share option reserve	* Contributed surplus	* Other reserve	* Accumulated losses	* Exchange fluctuation reserve	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2022 (Audited)	18,049	557,157	254	47,063	7,311	26,591	(4,667)	(547,409)	9,750	114,099	(188)	113,911
Loss for the period	-	-	-	-	-	-	-	(9,491)	-	(9,491)	(177)	(9,668)
Other comprehensive (loss)/ income for the period	-	-	-	-	-	-	-	-	(218)	(218)	148	(70)
Total comprehensive loss for the period	-	-	-	-	-	-	-	(9,491)	(218)	(9,709)	(29)	(9,738)
Placing of shares (Note 21)	1,262	6,501	-	-	-	-	-	-	-	7,763	-	7,763
Lapse of share options	-	-	-	-	(17)	-	-	17	-	-	-	-
At 30 September 2022 (Unaudited)	19,311	563,658	254	47,063	7,294	26,591	(4,667)	(556,883)	9,532	112,153	(217)	111,936
At 1 April 2023 (Audited)	19,311	563,658	254	47,063	6,805	26,591	(2,451)	(564,574)	9,453	106,110	(448)	105,662
Loss for the period	-	-	-	-	-	-	-	(8,212)	-	(8,212)	(171)	(8,383)
Other comprehensive loss for the period	-	-	-	-	-	-	-	-	(190)	(190)	(19)	(209)
Total comprehensive loss for the period	-	-	-	-	-	-	-	(8,212)	(190)	(8,402)	(190)	(8,592)
Lapse of share options	-	-	-	-	(1,031)	-	-	1,031	-	-	-	-
At 30 September 2023 (Unaudited)	19,311	563,658	254	47,063	5,774	26,591	(2,451)	(571,755)	9,263	97,708	(638)	97,070

* The reserve accounts comprise the consolidated reserves of approximately HK\$78,397,000 (31 March 2023: approximately HK\$86,799,000) in the condensed consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2023

	For the six months ended 30 September	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000 (restated)
Net cash flows (used in)/generated from operating activities	(5,006)	8,609
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through profit or loss	(1,000)	(2,500)
Redemption of financial assets at fair value through profit or loss	939	756
Payment for the purchase of property, plant and equipment	(346)	(190)
Proceeds from disposal of property, plant and equipment	2	1
Increase in bank deposits with initial term over three months	(3,009)	-
Increase in pledged time deposits	(4)	-
Interest received	786	200
Dividend received	337	209
Net cash flows used in investing activities	(2,295)	(1,524)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal portion of lease payments	(1,577)	(1,662)
Repayment from directors	-	(2,017)
Proceeds from placing of new shares	-	7,763
Interest paid	(176)	(250)
Net cash flows (used in)/generated from financing activities	(1,753)	3,834
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(9,054)	10,919
Cash and cash equivalents at the beginning of the period	70,125	74,026
Effect of foreign exchange rate changes	(39)	1,114
Cash and cash equivalents at the end of the period	61,032	86,059
ANALYSIS OF THE CASH AND BANK BALANCES:		
Cash and cash equivalents	61,032	86,059
Time deposits with initial term over three months	3,009	-
Cash and bank balances at the end of the period	64,041	86,059

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2023

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, Uglund 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 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 2023 ("Interim Financial Statements") have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosures requirements sets out in Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

These Interim Financial Statements have been prepared in accordance with the same accounting policies adopted in the audited consolidated financial statements for the year ended 31 March 2023 ("2023 annual financial statements") of the Group ("2023 Annual Report"), except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements. Details of any changes in accounting policies are set out in note 3.

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

These Interim Financial Statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2023 Annual Report. The Interim Financial Statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), and should be read in conjunction with the Group's 2023 Annual Report.

The financial information relating to the financial year ended 31 March 2023 that is included in the Interim Financial Statements as comparative information does not constitute the Company's annual consolidated financial statements for that financial year but is derived from those financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2023

3. CHANGES IN ACCOUNTING POLICIES

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

- HKFRS 17, *Insurance contracts*
- Amendments to HKAS 1, *Disclosure of accounting policies*
- Amendments to HKAS 8, *Definition of accounting estimates*
- Amendments to HKAS 12, *Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to HKAS 12, *International tax reform – Pillar Two model rules*

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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2023

4. OPERATING SEGMENT INFORMATION (continued)*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 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	153,029	-	-	153,029
Segment results	(504)	(1,007)	(570)	(2,081)
Reconciliation:				
Unallocated other income and gains				337
Interest income				786
Unallocated expenses				(7,129)
Finance costs				(296)
Loss before income tax				(8,383)
Income tax credit				-
Loss for the period				(8,383)
Other segment information:				
Capital expenditure	966	-	-	966
Depreciation and amortisation	1,921	295	526	2,742

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2023

4. OPERATING SEGMENT INFORMATION (continued)

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 2023				
Segment assets:	149,568	14,265	5,949	169,782
Total assets				169,782
Segment liabilities:	45,342	14,572	6,808	66,722
Reconciliation: Loans from directors				5,990
Total liabilities				72,712

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2023

4. OPERATING SEGMENT INFORMATION (continued)

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

	For the six months ended 30 September 2022			
	Cleaning and related services (Unaudited) 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	128,040	-	-	128,040
Segment results	(800)	(2,596)	(595)	(3,991)
Reconciliation:				
Unallocated other income and gains				2,674
Interest income				199
Unallocated expenses				(8,183)
Finance costs				(370)
Loss before income tax				(9,671)
Income tax credit				3
Loss for the period				(9,668)
Other segment information:				
Capital expenditure	190	-	-	190
Depreciation and amortisation	2,170	376	552	3,098

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2023

4. OPERATING SEGMENT INFORMATION (continued)

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

	Cleaning and related services (Audited) HK\$'000	Advertising media business (Audited) HK\$'000	Waste treatment (Audited) HK\$'000	Total (Audited) HK\$'000
As at 31 March 2023				
Segment assets:	151,090	18,037	6,670	175,797
Total assets				175,797
Segment liabilities:	42,604	13,561	6,923	63,088
Reconciliation: Loans from directors				7,047
Total liabilities				70,135

Geographical information

	Revenue from external customers For the six months ended 30 September		Non-current assets As at 30 September	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000	As at 31 March 2023 (Audited) HK\$'000
Hong Kong	153,029	128,040	7,462	25,693
The People's Republic of China (the "PRC")	-	-	8,982	10,153
	153,029	128,040	16,444	35,846

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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2023

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	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Cleaning and related service fee income	153,029	128,040

6. OTHER INCOME AND GAINS

	For the six months ended 30 September	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest income	786	199
Management fee income	30	30
Government subsidies (Note)	–	2,465
Dividend income on financial assets at fair value through profit or loss	337	209
Net gain on disposals of property, plant and equipment	1	–
Sundry income	124	120
	1,278	3,023

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2023

7. LOSS BEFORE INCOME TAX

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

	For the six months ended 30 September	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Employee benefit expenses (including directors' remuneration):		
Wages, salaries and other benefits	107,130	86,471
Retirement scheme contributions (Note 1)	4,697	3,644
Provision for long service payments	318	287
Provision for untaken paid leave	1,010	1,116
Total staff costs	113,155	91,518
Cost of services rendered (Note 2)	145,845	121,006
Depreciation of property, plant and equipment	1,194	1,430
Depreciation of right-of-use assets	1,548	1,668
Net loss on disposals of property, plant and equipment	4	15
Loss on write-off of property, plant and equipment	13	12

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\$105,919,000 (six months ended 30 September 2022: approximately HK\$85,130,000) 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	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Leases interest	176	250
Interest on promissory notes	120	120
	296	370

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2023

9. INCOME TAX CREDIT

	For the six months ended 30 September	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current tax:		
Hong Kong	-	-
The PRC	-	3
	-	3

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% (2022: 16.5%) to the six months ended 30 September 2023, 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 2022.

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% up to 31 December 2023 for being engaged in the encouraged industries in a designated area as pollution prevention and control. 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 2022: 25%) on their assessable profits.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2023

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\$8,212,000 (six months ended 30 September 2022: approximately HK\$9,491,000), and the weighted average number of ordinary shares of 1,931,069,796 (six months ended 30 September 2022: 1,875,210,780) 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 2023 and 2022 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 2023, the Group acquired items of property, plant and equipment with aggregate cost of approximately HK\$346,000 (six months ended 30 September 2022: approximately HK\$190,000). Items of property, plant and equipment with aggregate carrying amount of approximately HK\$129,000 were written off and disposed during the six months ended 30 September 2023 (six months ended 30 September 2022: approximately HK\$28,000), resulting in a net loss on write-off and disposal of property, plant and equipment of approximately HK\$17,000 (six months ended 30 September 2022: net loss on write-off and disposal of property, plant and equipment of approximately HK\$27,000).

12. INVESTMENT PROPERTIES

	30 September 2023 (Unaudited) HK\$'000	31 March 2023 (Audited) HK\$'000
At the beginning of the period/year	-	2,220
Disposal of investment properties	-	(2,046)
Exchange realignment	-	(174)
<hr/>		
At the end of the period/year	-	-

13. RIGHT-OF-USE ASSETS

During the six months ended 30 September 2023, the Group entered into a lease agreement for use of properties, and therefore recognised the addition to right-of-use assets of HK\$620,000 (six months ended 30 September 2022: HK\$Nil).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2023

14. 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 2023 (Unaudited) HK\$'000	31 March 2023 (Audited) HK\$'000
Within 30 days	47,380	24,677
31 to 60 days	368	23,547
61 to 90 days	7,106	650
91 to 120 days	1,223	57
Over 120 days	1,473	221
	57,550	49,152

15. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 September 2023 (Unaudited) HK\$'000	31 March 2023 (Audited) HK\$'000
Prepayments	2,890	2,780
Deposits	1,509	5,655
Other receivables	2,245	3,239
Amount due from a related company	7,026	6,933
Less: Impairment loss recognised on other receivables and deposits	(300)	(300)
	13,370	18,307

16. PLEDGED TIME DEPOSITS

At the end of the reporting period, the Group's banking facilities amounting to HK\$40,000,000 (31 March 2023: HK\$40,000,000) were secured by the pledge of certain of the Group's time deposits amounting to approximately HK\$2,083,000 (31 March 2023: approximately HK\$2,079,000), and a property owned by a related company which is controlled by a Director of the Company. The facilities were utilized to the extent of HK\$2,246,000 (31 March 2023: HK\$1,913,000).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2023

17. TRADE PAYABLES

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

	30 September 2023 (Unaudited) HK\$'000	31 March 2023 (Audited) HK\$'000
Within 30 days	12,510	7,047
31 to 60 days	-	5,115
61 to 90 days	10	-
Over 90 days	507	508
	13,027	12,670

18. OTHER PAYABLES AND ACCRUALS

	30 September 2023 (Unaudited) HK\$'000	31 March 2023 (Audited) HK\$'000
Other payables	14,272	12,432
Accruals (Note)	29,058	26,664
	43,330	39,096

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

19. 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 by the Company and the investor.

20. DIVIDEND

The Directors do not declare the payment of any interim dividend for the six months ended 30 September 2023 (six months ended 30 September 2022: Nil).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2023

21. SHARE CAPITAL

	Number of shares	Nominal value HK\$'000
Authorised:		
<i>Ordinary shares of HK\$0.01 each</i>		
As at 1 April 2022, 31 March 2023, 1 April 2023 and 30 September 2023	4,000,000,000	40,000
Issued and fully paid:		
<i>Ordinary shares of HK\$0.01 each</i>		
As at 1 April 2022 (Audited)	1,804,869,796	18,049
Placing of shares (Note)	126,200,000	1,262
As at 31 March 2023 and 1 April 2023 (Audited) and 30 September 2023 (Unaudited)	1,931,069,796	19,311

Note: On 21 June 2022, the Company issued 126,200,000 ordinary shares at the price of HK\$0.063 each through placing of new shares under general mandate. The gross and net proceeds (after deduction of placing commission and other related costs and expenses) from the placing were HK\$7,950,600 and approximately HK\$7,763,000 respectively. As at the date of this report, the net proceeds from the placing were fully utilized for the general working capital of the Group including payments and reimbursement of payments for staff costs, rental payment, professional fees and general administrative expenses accrued up to the year ended 31 March 2023.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2023

22. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in these Interim Financial Statements, the Group had the following material transactions and balances with related companies during the period.

(a) Transactions with related parties:

	For the six months ended 30 September	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Management fee income from a related company (Note)	30	30

Note: The management fee income from the provision of accounting and administrative services and the sharing of office space and facilities with the Group was received in a lump sum annually with reference to the actual costs incurred.

(b) Balances with related parties:

	As at 30 September 2023 (Unaudited) HK\$'000	As at 31 March 2023 (Audited) HK\$'000
Amount due from a related company		
Honest Grand International Limited	7,026	6,933
Amount due to a related company		
Sky Merit International Limited	1,055	1,055
Loans from directors		
Within one year	5,990	7,047

The amounts due are unsecured and interest-free and should be repaid within one year.

(c) Compensation paid to key management personnel of the Group:

	For the six months ended 30 September	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Short-term employee benefits	1,145	1,436
Retirement scheme contributions	83	83
	1,228	1,519

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2023

23. FINANCIAL INSTRUMENTS BY CATEGORY

	As at 30 September 2023 (Unaudited) HK\$'000	As at 31 March 2023 (Audited) HK\$'000
Financial assets:		
Financial assets at fair value through profit or loss	16,063	17,007
<i>Financial assets at amortised cost (including cash and cash equivalents):</i>		
Trade receivables	57,550	49,152
Financial assets included in prepayments, deposits and other receivables	10,045	15,053
Pledged time deposits	2,083	2,079
Cash and bank balances	64,041	70,125
	149,782	153,416
Financial liabilities:		
<i>Financial liabilities at amortised cost:</i>		
Trade payables	13,027	12,670
Financial liabilities included in other payables and accrued liabilities	32,808	29,683
Lease liabilities	6,027	6,984
Loans from directors	5,990	7,047
Promissory notes payable	3,000	3,000
Amount due to a related company	1,055	1,055
	61,907	60,439

The directors of the Company consider the carrying value of financial instruments carried at cost or amortised cost were not materially different from their fair values as at 30 September 2023 and 31 March 2023.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2023

24. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categories into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

(a) Disclosures of level in fair value hierarchy at 30 September 2023:

Description	Fair value measurement using:			Total As at 30 September 2023 (Unaudited) HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
Recurring fair value measurements: Financial assets at fair value through profit or loss Investments in funds	16,063	-	-	16,063
	16,063	-	-	16,063

Disclosures of level in fair value hierarchy at 31 March 2023:

Description	Fair value measurement using:			Total As at 31 March 2023 (Audited) HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
Recurring fair value measurements: Financial assets at fair value through profit or loss Investment in funds	17,007	-	-	17,007
	17,007	-	-	17,007

For the six months ended 30 September 2023 and year ended 31 March 2023 there were no transfers of fair value measurements between Level 1 and Level 2, or transfers into or out of Level 3 for both financial assets and financial liabilities.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2023

24. FAIR VALUE MEASUREMENTS (continued)

- (b) Reconciliation of assets measured at fair value based on level 3:

	For the six months ended 30 September	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Investment properties		
At the beginning of the period	–	2,220
Exchange realignment	–	(233)
At the end of the period	–	1,987

- (c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements:

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The Directors determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The Directors work closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model and to understand the cause of fluctuations in the fair value of the assets and liabilities.

Level 1 fair value measurements

Description	Valuation technique	Inputs	Fair value	
			As at 30 September 2023 (Unaudited) HK\$'000	As at 31 March 2023 (Audited) HK\$'000
Financial assets at fair value through profit or loss	Market approach	Quoted prices	16,063	17,007

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2023

25. 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\$2,246,000 (31 March 2023: approximately HK\$1,913,000) in respect of certain services provided to various customers; and
- (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 2023 and 31 March 2023.
- (c) At the end of the reporting period, contingent liabilities not provided for in the consolidated financial statements were as follows:

	As at 30 September 2023 (Unaudited) HK\$'000	As at 31 March 2023 (Audited) HK\$'000
Indemnity related to acquisition of property, plant and equipment	–	5,144

At 31 March 2023, the Directors did not consider it probable that a claim would be made against the Group under the above possible claim. During the reporting period, the contracts' term in respect of the breach term clause was discharged as agreements revised and there is no indemnity at the end of the reporting period.

26. CAPITAL COMMITMENTS

	As at 30 September 2023 (Unaudited) HK\$'000	As at 31 March 2023 (Audited) HK\$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	306	7,201

27. COMPARATIVE FIGURES

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

28. APPROVAL OF INTERIM FINANCIAL STATEMENTS

The Interim Financial Statements were approved and authorised for issue by the Board on 29 November 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the six months ended 30 September 2023 (the “reporting period”), the Group recorded a remarkable recovery in its cleaning business. The Group’s revenue increased by 19.5% to approximately HK\$153,029,000 (30 September 2022: approximately HK\$128,040,000). The Group’s net loss attributable to the owners of the Group was approximately HK\$8,212,000, whilst the loss attributable to the owners was approximately HK\$9,491,000 for the same period in 2022.

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

Since the second quarter of 2020, the Group’s advertising media business had ceased due to COVID-19 outbreak. The pandemic has had a significant impact on global economies and created unprecedented uncertainty on the pace of economic recovery. Facing this economic difficult time, the management will stay updated on the current trends and development of the market and keep identifying investment opportunities.

Cleaning and Related Services Business

The cleaning industry witnessed a steady growth during the reporting period as social distancing measures continue to relax and the border starting to reopen; the overall economy is slowly recovering from the pandemic. Other factors such as urbanization, and increased awareness of hygiene and cleanliness have contributed to the demand for cleaning services. Although the cleaning industry remains highly competitive, with numerous service providers catering services toward commercial and residential sectors, there’s still a high demand for cleaning services.

Rising labor costs and manpower shortages have posed challenges to the cleaning industry in general. During the reporting period, there was an adjustment made to the statutory minimum wage which required us to reassess our operating budgets and financial plans. As for manpower shortage, an aging population, a low birth rate, and a decline in the number of local workers entering the labor force are some of the contributing factors. Although we faced challenges in meeting customer demands and fulfilling contracts due to shortage of skilled workers, we have made necessary adjustment by focusing on workforce planning to ensure optimal staffing levels and efficient resources allocation.

The implementation of Municipal Solid Waste Charging Scheme would be one of our major challenges ahead as there are still a lot of uncertainties and clients having unrealistic expectation for cleaning service providers. However, we have been taking a proactive role in educating our staff of the changes and equipping ourselves with the necessary information to response to our clients’ enquiries.

During the reporting period we have successfully secured a new cleaning contract of a well-known commercial building which helped create synergy between one of our existing clients located nearby. We have also successfully renewed our cleaning contract with one of Hong Kong most prestigious residential estate located in the Southern District.

We have reported an approximate 20% increase in our turnover as compared with the previous period. One of the main reasons is that one of our major customers, Hong Kong’s largest airline catering services provider, which provides services to the airline industry, increased their demand for services from us which included the provision of cleaning and other services, such as general cleaning, ware-washing and kitchen cleaning.

Waste Treatment Business

The Group has been exploring with local authorities with respect to setting up new types of business by making use of the existing fixed assets but they were not successful. The Group will continue to look for suitable options in respect of this investment.

FINANCIAL REVIEW

The Group's revenue for the reporting period amounted to approximately HK\$153,029,000 (30 September 2022: approximately HK\$128,040,000) represented a 19.5% increase as compared to the corresponding period in 2022. 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 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 loss on fair value changes at financial assets at fair value through profit or loss for the reporting period was approximately HK\$1,005,000 (30 September 2022: approximately HK\$2,729,000), representing a decrease of the loss approximately HK\$1,724,000 as compared to the same period in 2022. Such decrease was due to the continuous decrease in the fair value of investment funds held by the Group. Other operating expenses, which amounted to approximately HK\$45,492,000 (30 September 2022: approximately HK\$43,019,000), represented a period-to-period 5.7% increase. Such expenses mainly included the costs of services rendered under cleaning and related services business, which accounted for 87.8% of other operating expenses in the reporting period. The increase in other operating expenses was driven by the increasing operating cost in the cleaning businesses due to increased service rendered, offset by the cost of legal and professional fees reduced by 38.0% as compared to the corresponding period in 2022. The Group's net loss attributable to the owners of the Group for the reporting period was approximately HK\$8,212,000 (30 September 2022: approximately HK\$9,491,000). Cleaning and related services business made a loss of approximately HK\$504,000, the advertising media business made a loss of approximately HK\$1,007,000, and the waste treatment business made a loss of approximately HK\$570,000.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2023, the Group's cash and bank balances and pledged time deposits were approximately HK\$66,124,000 (31 March 2023: approximately HK\$72,204,000) and its current ratio was 2.2 (31 March 2023: 2.1).

The Group's net assets as at 30 September 2023 were approximately HK\$97,070,000 (31 March 2023: approximately HK\$105,662,000).

As at 30 September 2023, the Group's gearing ratio was 3.1% (31 March 2023: 2.8%), representing the total interest-bearing debts divided by total equity. The Group had lease liabilities and loans from directors of approximately HK\$6,027,000 and HK\$5,990,000 respectively (31 March 2023: approximately HK\$6,984,000 and HK\$7,047,000 respectively). The Group's shareholders' equity amounted to approximately HK\$97,708,000 as at 30 September 2023 (31 March 2023: approximately HK\$106,110,000).

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

Since the onset of the global pandemic, there has been a sustained decline in market sentiment in this segment. The resumption of the advertising media business segment is temporarily unforeseeable. While 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

All in all, the outlook for our cleaning and related services sector remains positive. The growing emphasis on cleanliness and hygiene, along with the increasing awareness of environmental sustainability, is expected to drive continued demand for our cleaning services. We are committed to staying at the forefront of industry trends, leveraging technology, and continuously improving our operations to deliver high-quality cleaning services and meet the evolving needs of our clients. In conclusion, our cleaning and related services sector has displayed resilience and adaptability during the reporting period. While challenges exist, opportunities for growth and innovation are also present. We remain committed to navigating the industry landscape, delivering exceptional service to our clients, and contributing to the overall cleanliness and hygiene standards in Hong Kong.

FUND RAISING ACTIVITY

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

All conditions to the Placing Agreement have been fulfilled and completion of the Placing took place on 21 June 2022 ("Completion"). An aggregate of 126,200,000 Placing Shares have been successfully placed by the Placing Agent to not less than six 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 the Placing amounted to HK\$7,950,600 and the net proceeds (after deducting the placing commission and other related expenses and professional fees) from the Placing amounted to approximately HK\$7,763,000. The Company intended to use such net proceeds for the general working capital and future business opportunities and investment. For the details of the Placing, please refer to the announcements of the Company dated 31 May 2022 and 21 June 2022.

The net proceeds from the Placing were fully utilized for the general working capital of the Group including payments and reimbursement of payments for staff costs, rental payment, professional fees and general administrative expenses accrued up to the year ended 31 March 2023.

Save for the aforesaid placing, the Company has not conducted any fund raising activities during the six months ended 30 September 2023.

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 2023 (30 September 2022: Nil).

PLEDGE OF ASSETS

As at 30 September 2023, the Group's banking facilities amounting to HK\$40,000,000 (31 March 2023: HK\$40,000,000) were secured by the pledge of certain of the Group's time deposits amounting to approximately HK\$2,083,000 (31 March 2023: approximately HK\$2,079,000), and a property owned by a related company which is controlled by a director of the Company. The facilities were utilized to the extent of HK\$2,246,000 (31 March 2023: HK\$1,913,000).

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\$2,246,000 (31 March 2023: approximately HK\$1,913,000) 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 2023 and 31 March 2023.
- (c) As at 31 March 2023, the Group had contingent liabilities as possible claims arising from indemnity related to acquisition of property, plant and equipment of approximately HK\$5,144,000 being equivalent to RMB4,500,000. The Directors did not consider it was probable that a claim would be made against the Group under the above possible claims. During the reporting period, the contracts' term in respect of the breach term clause was discharged as agreements revised and there is no indemnity at the end of the reporting period.

CAPITAL COMMITMENTS

As at 30 September 2023, the Group had a total capital commitment of approximately HK\$306,000 (31 March 2023: approximately HK\$7,201,000), contracted for but not provided in the consolidated financial statements.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group did not have future plans for material investments or capital assets.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES

There was no material acquisition and disposal of subsidiaries during the period ended 30 September 2023.

SIGNIFICANT INVESTMENTS

As at 30 September 2023, the Group did not have any significant investment plans.

NO MATERIAL CHANGES

Saved as disclosed in this report, 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 report.

EMPLOYEES AND REMUNERATION POLICIES

The total number of employees of the Group as at 30 September 2023 was 1,175 (31 March 2023: 1,144). Total staff costs, including directors' emoluments and net pension contributions, for the reporting period amounted to approximately HK\$113,155,000 (30 September 2022: approximately HK\$91,518,000). 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 2023.

SHARE OPTION SCHEME

The share option scheme of the Company was approved and adopted by the Shareholders in the annual general meeting of the Company held on 25 September 2015 (the "Share Option Scheme") and shall be valid and effective for a period of 10 years up to 24 September 2025.

Pursuant to the Share Option Scheme, the Board may at its discretion offer options to any eligible participants including, but not limited to (i) any eligible employee as stated in the Share Option Scheme; (ii) any non-executive Director (including independent non-executive Directors) of the Company, any of its subsidiaries or any entity in which the Group holds any equity (the "Invested Entity"); (iii) any supplier of goods or services to the member of the Group or any Invested Entity; (iv) any customer of the Group or any Invested Entity; (v) any consultant, adviser, legal consultant, legal adviser, agent and contractor engaged by the Company, the Group or any Invested Entity; (vi) any shareholder and director of any member of the Group or any Invested Entity or (vii) any holder of any securities issued by any member of the Group or any Invested Entity; and (viii) any other classes of participants who have contributed or may contribute, whether by way of joint venture, business alliance, other business arrangement, or otherwise, to the development and growth of Group.

The purpose of the Share Option Scheme is to provide incentives or rewards to participants thereunder for their contribution to the Group and to encourage the participants to perform their best in achieving the goals of the Group and at the same time allow the participants to enjoy the results of the Company attained through their efforts and contributions and to enable the Group to recruit and retain high-caliber employees and attract human resources that are valuable to the Group and any Invested Entity.

SHARE OPTION SCHEME (continued)

Details of movements in the share options for the six months ended 30 September 2023 are as follows:

Name or Category of participants	Exercise price per share HK\$	As at 1 April 2023	During the period			As at 30 September 2023	Notes
			Granted	Lapsed	Reallocation		
Directors							
Mr. Lo Kou Hong	0.094	16,000,000	-	-	-	16,000,000	(1)
Mr. Tsui Kwok Hing	0.094	16,000,000	-	-	-	16,000,000	(1)
Mr. Leung Cheung Hang	0.094	8,000,000	-	-	-	8,000,000	(1)
Mr. Wang Qi	0.094	1,600,000	-	-	-	1,600,000	(1)
Mr. Fu Jun (retired on 28 September 2023)	0.094	8,000,000	-	-	(8,000,000)	-	(1) (3)
Sub-total	-	49,600,000	-	-	(8,000,000)	41,600,000	
Continuous Contracts Employees							
	0.278	9,686,302	-	(343,000)	-	9,343,302	(2)
	0.094	39,000,000	-	(800,000)	-	38,200,000	(1)
Sub-total		48,686,302	-	(1,143,000)	-	47,543,302	
All other eligible participants							
	0.278	1,446,000	-	-	-	1,446,000	(2)
	0.094	21,750,000	-	(21,750,000)	8,000,000	8,000,000	(1) (3)
Sub-total		23,196,000	-	(21,750,000)	8,000,000	9,446,000	
Total		121,482,302	-	(22,893,000)	-	98,589,302	

Notes:

- (1) The share options were granted and deemed to be accepted on 23 July 2020. There were no vesting period and the share options are exercisable at any time during the period from 23 July 2020 to 22 July 2030 (both days inclusive) and the exercise price is HK\$0.094.
- (2) The share options were granted and deemed to be accepted on 6 July 2018. The vesting period of the share options was from the date of grant and up to 5 July 2019 and the share options are exercisable at any time during the period from 6 July 2019 to 5 July 2028 (both days inclusive) and the exercise price is HK\$0.278.
- (3) Mr. Fu Jun retired on 28 September 2023 and his share options shall be lapsed at the expiration of one month from the date of cessation in accordance with Share Option Scheme. His share options have been reallocated from the category of "Directors" to "all other eligible participants".

As at the date of this report, 90,589,302 share options were outstanding under the Share Option Scheme, which were fully vested and exercisable.

DIRECTORS' INTERESTS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 September 2023, the interests of the Directors in the shares (the "Shares") and underlying Shares of the Company and its associated corporations as recorded in the register required to be kept under Section 352 of Part XV of the Securities and Futures Ordinance (the "SFO"); or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules, were as follows:

A. INTERESTS IN SHARES OF THE COMPANY

Name of Director	Long/short positions	Capacity	Total interest in Shares	Total interest in underlying Shares	Aggregate interests	Approximate percentage of the Company's issued share capital
Mr. Tsui Kwok Hing ("Mr. Tsui") (Note 1)	Long position	Beneficial owner	69,190,090	16,000,000	164,871,130	8.54%
	Long position	Interest of spouse	79,681,040			
Mr. Lo Kou Hong ("Mr. Lo") (Note 2)	Long position	Beneficial owner	53,674,000	16,000,000	71,779,000	3.72%
	Long position	Interest of spouse	2,105,000			
Mr. Leung Cheung Hang ("Mr. Leung") (Note 3)	Long position	Beneficial owner	-	8,000,000	8,000,000	0.41%
Mr. Wang Qi ("Mr. Wang") (Note 4)	Long position	Beneficial owner	1,367,000	1,600,000	2,967,000	0.15%

Notes:

- Mr. Tsui is the beneficial owner of 69,190,090 Shares and 16,000,000 share options. He is also deemed to be interested in 79,681,040 Shares through interest of his spouse, Ms. Budirahaju Lita, who personally and beneficially owned such 79,681,040 Shares.
- Mr. Lo is the beneficial owner of 53,674,000 Shares and 16,000,000 share options. He is also deemed to be interested in 2,105,000 Shares through interest of his spouse, Ms. Ko Lok Ping, Maria Genoveffa ("Ms. Ko"), who personally and beneficially owned such 2,105,000 Shares.
- Mr. Leung is interested in share options which can be severally exercised to subscribe for 8,000,000 Shares.
- Mr. Wang is interested in share options which can be severally exercised to subscribe for 1,600,000 Shares.

B.(1) ASSOCIATED CORPORATION – PEIXIN GROUP LIMITED (“PEIXIN”), AN INDIRECT NON WHOLLY-OWNED SUBSIDIARY OF THE COMPANY

Name of director	Long/short position	Capacity	Number of ordinary shares in Peixin	Percentage of Peixin's issued share capital
Mr. Lo	Long position	Interest held by a controlled corporation	42 shares <i>(Note)</i>	30%

Note: The 42 shares in Peixin were held through a corporation controlled by Mr. Lo and Ms. Ko. As such, Mr. Lo and Ms. Ko were deemed to be interested in such shares pursuant to Part XV of the SFO.

B.(2) ASSOCIATED CORPORATION – SHUYANG ITAD ENVIRONMENTAL TECHNOLOGY LIMITED (“SHUYANG ITAD”), AN INDIRECT NON WHOLLY-OWNED SUBSIDIARY OF THE COMPANY

Name of director	Long/short position	Capacity	Amount of registered capital in Shuyang ITAD	Percentage of Shuyang ITAD's issued share capital
Mr. Lo	Long position	Interest held by a controlled corporation	RMB62,500,000 <i>(Note)</i>	30%

Note: The entire registered capital in Shuyang ITAD was beneficially owned by Peixin and 42 shares in Peixin were beneficially owned by a corporation controlled by Mr. Lo and Ms. Ko in equal shares. Such 42 shares in Peixin represent 30% of the entire issued share capital on Peixin. As such, Mr. Lo and Ms. Ko were deemed to be interested in such registered capital pursuant to Part XV of the SFO.

In addition to the above, as at 30 September 2023, Mr. Lo held 1 share in Lo's Cleaning Services Ltd., an indirect wholly-owned subsidiary of the Company, in a non-beneficial capacity as nominee for Sinopoint Corporation.

Save as disclosed above, as at 30 September 2023, none of the Directors had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, nor had there been any grant or exercise of rights of such interests during the period ended 30 September 2023.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 September 2023, the following person (other than the Directors and chief executive of the Company) had interests of 5% or more in the issued Shares and underlying Shares as recorded in the register required to be kept under Section 336 of the SFO:

INTERESTS IN SHARES

Name of substantial shareholder	Long/short position	Capacity	Number of Shares	Percentage of the Company's issued share capital
WKI Partners (Holdings) Limited	Long position	Interest held by controlled corporation	179,315,000 <i>(Note)</i>	9.29%

Note: WKI Partners (Holdings) Limited is wholly-owned by Brave Venture Limited. Brave Venture Limited is wholly-owned by WKI Hong Kong Limited. WKI Hong Kong Limited is wholly-owned by WKI GP Limited. Accordingly, each of WKI Partners (Holdings) Limited, Brave Venture Limited, WKI Hong Kong Limited, WKI GP Limited was deemed to be interested in such Shares under Part XV of SFO.

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 14 of the Listing Rules.

The Company has adopted the code provisions in the CG Code as its own code of corporate governance. During the six months ended 30 September 2023, the Directors consider that the Company has complied with all the relevant code provisions set out in the CG Code throughout the reporting period.

Compliance with the Listing Rules

The Company failed to comply with the following requirements during the period from 30 June 2023 to 25 October 2023:

1. Rule 3.05 of the Listing Rules provides that an issuer shall appoint two authorised representatives.
2. Rule 3.28 of the Listing Rules provides that an issuer must appoint an individual as its company secretary who, in the opinion of the Stock Exchange, is capable of discharging the functions of company secretary of the listed issuer by virtue of his/her academic or professional qualifications or relevant experience.

Upon the appointment of Ms. Ying Sui Wa as the Company Secretary and Authorised Representatives on 26 October 2023, the Company complies with the requirements under Rule 3.28 of the Listing Rules and the requirement that an issuer should appoint two authorised representatives under Rule 3.05 of the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its own code of conduct governing Directors' dealings in the Company's securities (the "Code") on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions by the Directors. Specific enquiry has been made to all Directors and all of them have confirmed that they have complied with the Code and the Model Code throughout the six months ended 30 September 2023.

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 2023 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.

On behalf of the Board
Xinhua News Media Holdings Limited
Tsui Kwok Hing
Co-Chairman

Hong Kong, 29 November 2023