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XINHUA NEWS MEDIA HOLDINGS LIMITED

新華通訊頻媒控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 309)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2024

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 2024, together with the comparative figures for the year ended 31 March 2023, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2024

		2024	2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
REVENUE	5	322,246	273,619
Other income and gains	6	3,728	4,422
Staff costs	7	(229,782)	(198,416)
Depreciation and amortisation	7	(5,276)	(6,083)
Impairment losses recognised on the trade receivables		(46)	–
Impairment losses recognised on the other receivables		(330)	–
Loss on fair value changes at financial assets at fair value through profit or loss	7	(482)	(1,714)
Other operating expenses		(103,210)	(88,935)
Finance costs	8	(561)	(693)

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
LOSS BEFORE INCOME TAX	7	(13,713)	(17,800)
Income tax expenses	9	<u>–</u>	<u>(192)</u>
LOSS FOR THE YEAR		<u>(13,713)</u>	<u>(17,992)</u>
Other comprehensive loss:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of financial statements of subsidiaries, net of tax		<u>(196)</u>	<u>(236)</u>
Other comprehensive loss		<u>(196)</u>	<u>(236)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		<u>(13,909)</u>	<u>(18,228)</u>
LOSS FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company		(13,402)	(17,671)
Non-controlling interests		<u>(311)</u>	<u>(321)</u>
		<u>(13,713)</u>	<u>(17,992)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company		(13,580)	(17,968)
Non-controlling interests		<u>(329)</u>	<u>(260)</u>
		<u>(13,909)</u>	<u>(18,228)</u>
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic and diluted	10	<u>HK\$(0.0069)</u>	<u>HK\$(0.0096)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Non-current assets			
Property, plant and equipment		8,147	9,972
Investment properties		–	–
Financial assets at fair value through profit or loss	11	–	17,007
Right-of-use assets		3,843	5,781
Deferred tax assets		–	–
Deposits paid for acquisition of property, plant and equipment		2,912	3,086
Total non-current assets		14,902	35,846
Current assets			
Inventories		47	288
Trade receivables	12	60,242	49,152
Prepayments, deposits and other receivables	13	12,647	18,307
Financial assets at fair value through profit of loss	11	6,527	–
Pledged time deposits	14	2,092	2,079
Cash and bank balances	14	65,280	70,125
Total current assets		146,835	139,951
Current liabilities			
Trade payables	15	14,232	12,670
Other payables and accruals	16	38,920	39,096
Promissory notes payable	17	3,000	3,000
Amount due to a related company		1,055	1,055
Lease liabilities		3,125	3,017
Loans from directors		7,775	7,047
Tax payables		283	283
Total current liabilities		68,390	66,168
Net current assets		78,445	73,783
Total assets less current liabilities		93,347	109,629

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current liabilities		
Lease liabilities	<u>1,594</u>	<u>3,967</u>
Total non-current liabilities	<u>1,594</u>	<u>3,967</u>
NET ASSETS	<u>91,753</u>	<u>105,662</u>
Equity		
Equity attributable to owners of the Company		
Share capital	19,311	19,311
Reserves	<u>73,219</u>	<u>86,799</u>
	92,530	106,110
Non-controlling interests	<u>(777)</u>	<u>(448)</u>
TOTAL EQUITY	<u>91,753</u>	<u>105,662</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

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 508B, 5/F, New East Ocean Centre, 9 Science Museum Road, Tsim Sha Tsui, 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. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the Group’s annual periods beginning on or after 1 April 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	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

The application of the new and amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

HKFRS 17, Insurance contracts

HKFRS 17, which replaces HKFRS 4, sets out the recognition, measurement, presentation and disclosure requirements applicable to issuers of insurance contracts. The standard does not have a material impact on these financial statements as the Group does not have contracts within the scope of HKFRS 17.

Amendments to HKAS 1, Presentation of financial statements and HKFRS Practice Statement 2, Making materiality judgements: Disclosure of accounting policies

The amendments require entities to disclose material accounting policy information and provide guidance on applying the concept of materiality to accounting policy disclosure. The Group has revisited the accounting policy information it has been disclosing and considered it is consistent with the amendments.

Amendments to HKAS 8, Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates

The amendments provide further guidance on the distinction between changes in accounting policies and changes in accounting estimates. The amendments do not have a material impact on these financial statements as the Group's approach in distinguishing changes in accounting policies and changes in accounting estimates is consistent with the amendments.

Amendments to HKAS 12, Income taxes: Deferred tax related to assets and liabilities arising from a single transaction

The amendments narrow the scope of the initial recognition exemption such that it does not apply to transactions that give rise to equal and offsetting temporary differences on initial recognition such as leases and decommissioning liabilities. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities are required to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented. The amendments did not have a material impact on these financial statements.

Amendments to HKAS 12, Income taxes: International tax reform – Pillar Two model rules

The amendments introduce a temporary mandatory exception from deferred tax accounting for the income tax arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (“OECD”) (income tax arising from such tax laws is hereafter referred to as “Pillar Two income taxes”), including tax laws that implement qualified domestic minimum top-up taxes described in those rules. The amendments also introduce disclosure requirements about such tax including the estimated tax exposure to Pillar Two income taxes. The amendments are immediately effective upon issuance and require retrospective application. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

3. BASIS OF PREPARATION

The financial information set out in this announcement does not constitute the Group's annual consolidated financial statements for the year ended 31 March 2024, but is derived from those financial statements.

The consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the changes in accounting policies set out in note 2.

The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period, as modified by the financial assets at fair value through profit or loss, which are carried at their fair values.

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance.

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 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, 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 revenue and transfers between the segments for both years.

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

	For the year ended 31 March 2024			
	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>
Segment revenue:				
Service income from external customers recognised over time	<u>322,246</u>	<u>–</u>	<u>–</u>	<u>322,246</u>
Segment results	<u>56</u>	<u>(1,787)</u>	<u>(1,051)</u>	<u>(2,782)</u>
Reconciliation:				
Unallocated other incomes and gains				475
Interest income				1,723
Unallocated expenses				(12,568)
Finance costs				<u>(561)</u>
Loss before taxation				(13,713)
Income tax expenses				<u>–</u>
Loss for the year				<u>(13,713)</u>
The following is an analysis of the Group's assets and liabilities by reportable segments:				
Segment assets:	<u>143,255</u>	<u>13,440</u>	<u>5,042</u>	<u>161,737</u>
Total assets				<u>161,737</u>
Segment liabilities:	<u>40,789</u>	<u>15,073</u>	<u>6,347</u>	<u>62,209</u>
Reconciliation:				
Loans from directors				<u>7,775</u>
Total liabilities				<u>69,984</u>
Other segment information:				
Capital expenditure (<i>note</i>)	1,568	448	–	2,016
Depreciation and amortisation	<u>3,703</u>	<u>527</u>	<u>1,046</u>	<u>5,276</u>

For the year ended 31 March 2023

	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>
Segment revenue:				
Service income from external customers recognised over time	273,619	–	–	273,619
Segment results	(2,445)	(3,160)	(1,106)	(6,711)
Reconciliation:				
Unallocated other incomes and gains				2,954
Interest income				998
Unallocated expenses				(14,348)
Finance costs				(693)
Loss before taxation				(17,800)
Income tax expenses				(192)
Loss for the year				<u>(17,992)</u>
The following is an analysis of the Group's assets and liabilities by reportable segments:				
Segment assets:	151,090	18,037	6,670	175,797
Total assets				<u>175,797</u>
Segment liabilities:	42,604	13,561	6,923	63,088
Reconciliation:				
Loans from directors				<u>7,047</u>
Total liabilities				<u>70,135</u>
Other segment information:				
Capital expenditure (<i>note</i>)	376	–	–	376
Depreciation and amortisation	4,305	680	1,098	<u>6,083</u>

Note: Capital expenditure consists of additions of property, plant and equipment and right-of-use assets.

Geographical information

	Revenue from external customers		Non-current assets	
	Year ended 31 March		Year ended 31 March	
	2024	2023	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	322,246	273,619	6,458	25,693
The People's Republic of China (the "PRC")	<u>–</u>	<u>–</u>	<u>8,444</u>	<u>10,153</u>
	<u>322,246</u>	<u>273,619</u>	<u>14,902</u>	<u>35,846</u>

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:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Customer A	76,178	87,803
Customer B	<u>119,042</u>	<u>54,989</u>

5. REVENUE

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Cleaning and related service fee income	<u>322,246</u>	<u>273,619</u>

(a) Disaggregation of revenue from contracts with customers:

Segments	Cleaning and related services	
	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Geographical markets		
Hong Kong	<u>322,246</u>	<u>273,619</u>
Total	<u>322,246</u>	<u>273,619</u>
Timing of revenue recognition		
Over time	<u>322,246</u>	<u>273,619</u>
Total	<u>322,246</u>	<u>273,619</u>

The Group provides cleaning and related service is 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 income is normally made with credit terms of 0 to 90 days.

(b) Revenue expected to be recognized in the future arising from contracts with customers in existence at the reporting date

The aggregated amounts of transaction price allocated to the remaining performance obligations under the Group's existing contracts are as follows:

	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>
As at 31 March 2024				
Expected to be recognized within one year	194,503	–	–	194,503
Expected to be recognized after one year	103,250	–	–	103,250
	297,753	–	–	297,753
	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>
As at 31 March 2023				
Expected to be recognized within one year	215,739	–	–	215,739
Expected to be recognized after one year	38,204	–	–	38,204
	253,943	–	–	253,943

The amounts represent revenue expected to be recognized in the future from the Group's service contracts for the respective services. The Group will recognize the expected revenue in future when services are rendered, which is expected to occur over the next 12 to 36 months (2023: next 12 to 21 months).

6. OTHER INCOME AND GAINS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest income	1,723	998
Management fee income	60	60
Government subsidies (<i>note 1</i>)	–	2,472
Dividend income on financial assets at fair value through profit or loss	475	482
Net gain on disposals of property, plant and equipment	–	16
Rental income	419	–
Insurance claim refund	484	–
Sundry income	567	394
	<u>3,728</u>	<u>4,422</u>

Note:

1. These represented subsidies received by the Group under the Employment Support Scheme under the Anti-epidemic Fund of the Government of the Hong Kong Special Administrative Region for the year ended 31 March 2023. There was no unfulfilled conditions and other contingencies attaching to the government subsidies that had been recognised.

7. LOSS BEFORE INCOME TAX

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

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Employee benefit expenses (including directors' remuneration):		
Wages, salaries and other benefits	220,312	187,831
Contribution to defined contribution pension plans	9,605	7,929
Defined benefit plan obligation	(2,273)	945
Provision for untaken paid leave	2,138	1,711
	<hr/>	<hr/>
Total staff costs	229,782	198,416
	<hr/>	<hr/>
Cost of services rendered*	307,382	258,506
Auditors' remuneration		
– Audit service	720	700
– Non-audit service	49	138
Depreciation on property, plant and equipment	2,353	2,750
Depreciation on right-of-use assets	2,923	3,333
Net loss/(gain) on disposals of property, plant and equipment	3	(16)
Written-off of property, plant and equipment	29	116
Loss on disposal of investment properties	–	606
Loss on fair value changes at financial assets at fair value through profit or loss	482	1,714
Reversed of impairment losses on other receivables, net	–	(45)
	<hr/>	<hr/>

* The cost of services rendered includes employee benefit expenses of approximately HK\$215,731,000 (2023: HK\$185,011,000) incurred in the provision of services which has been included in the employee benefit expenses above.

8. FINANCE COSTS

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Leases interest	321	453
Interest on promissory notes	240	240
	<hr/>	<hr/>
	561	693
	<hr/>	<hr/>

9. INCOME TAX EXPENSES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current tax:		
Hong Kong	–	–
The PRC	–	–
Overprovision in prior years:		
The PRC	–	(3)
	–	(3)
Deferred tax	–	195
	–	192

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

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

Pursuant to the relevant tax law of the Hong Kong Special Administrative Region, the provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2023: 16.5%) to the year, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime. For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2023.

Subsidiaries of the Group located in the PRC are subject to the PRC Enterprise Income Tax at a rate of 25% (2023: 25%) on their assessable profits.

10. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

Basic loss per share

The calculation of the basic loss per share is based on the loss for the year attributable to owners of the Company of approximately HK\$13,402,000 (2023: approximately loss of HK\$17,671,000), and the weighted average number of ordinary shares of 1,931,069,796 (2023: 1,841,058,290) in issue during the year.

Diluted loss per share

The diluted loss per share is the same as the basic loss per share for the years ended 31 March 2024 and 2023 because the Company's share options outstanding during these years were anti-dilutive.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Assets management funds	<u>6,527</u>	<u>17,007</u>

12. TRADE RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables	60,447	49,320
Less: Impairment loss recognised on trade receivables	<u>(205)</u>	<u>(168)</u>
	<u>60,242</u>	<u>49,152</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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Balance at the beginning of the year	168	183
Increase in losses allowance for the year	46	–
Exchange realignment	(9)	(15)
	<u> </u>	<u> </u>
Balance at the end of the year	(205)	168
	<u> </u>	<u> </u>

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 30 days	27,551	24,677
31 to 60 days	23,616	23,547
61 to 90 days	7,665	650
91 to 120 days	347	57
Over 120 days	1,063	221
	<u> </u>	<u> </u>
	60,242	49,152
	<u> </u>	<u> </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 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
At 31 March 2024							
Weighted average expected loss rate	0%	0.6%	2.3%	6.7%	1.2%	100.0%	
Receivable amount (HK\$'000)	58,853	349	481	90	515	159	60,447
Loss allowance (HK\$'000)	21	2	11	6	6	159	205
At 31 March 2023							
Weighted average expected loss rate	0%	0%	0%	0%	0%	100%	
Receivable amount (HK\$'000)	48,874	57	204	13	4	168	49,320
Loss allowance (HK\$'000)	-	-	-	-	-	168	168

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Prepayments	2,065	2,780
Deposits	1,888	5,655
Other receivables	2,304	3,239
Amount due from a related company, gross	7,020	6,933
Less: Impairment loss recognised on other receivables and deposits	<u>(630)</u>	<u>(300)</u>
	<u>12,647</u>	<u>18,307</u>

Reconciliation of impairment loss for other receivables and deposits:

	2024 HK\$'000	2023 HK\$'000
Balance at the beginning of the year	300	19,381
Amount written off as uncollectible	-	(19,036)
Increase in losses allowance for the year	330	-
Impairment loss reversed, net	<u>-</u>	<u>(45)</u>
Balance at the end of the year	<u>630</u>	<u>300</u>

14. CASH AND CASH EQUIVALENTS AND PLEDGED TIME DEPOSITS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Cash at banks and on hand	27,525	40,209
Time deposits with initial term no more than three months	37,838	31,995
Time deposits with initial term over three months	<u>2,009</u>	<u>–</u>
Cash and bank balances	67,372	72,204
Less: Time deposits with initial term over three months	(2,009)	–
Less: Pledged short-term time deposits for banking facilities	<u>(2,092)</u>	<u>(2,079)</u>
Cash and cash equivalents	<u>63,271</u>	<u>70,125</u>

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi (“RMB”) amounted to approximately HK\$183,000 (2023: HK\$408,000). 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. Time deposits are made for varying periods of between five days and one year depending on the immediate cash requirements of the Group, and earn interest at the respective 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 amounting to HK\$40,000,000 (2023: HK\$40,000,000) were secured by the pledge of certain of the Group’s time deposits amounting to approximately HK\$2,092,000 (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 not utilised to the extent of HK\$40,000,000 (2023:HK\$40,000,000).

15. TRADE PAYABLES

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 30 days	7,362	7,047
31 to 60 days	6,168	5,115
Over 90 days	<u>702</u>	<u>508</u>
	<u>14,232</u>	<u>12,670</u>

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

16. OTHER PAYABLES AND ACCRUALS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Other payables	14,236	12,432
Accruals (<i>Note</i>)	<u>24,684</u>	<u>26,664</u>
	<u>38,920</u>	<u>39,096</u>

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

17. PROMISSORY NOTES PAYABLE

During the year ended 31 March 2021, the Company issued three promissory notes to an investor in the aggregate principal sum of HK\$3,000,000 and bearing interest at 8% per annum. The promissory notes should be repayable in full by 31 January 2023 but the expiry date has been extended to 31 January 2024 and further extended to 31 January 2025 by the Company and the investor.

18. DIVIDEND

The Directors do not recommend the payment of a dividend to shareholders for the year ended 31 March 2024 (2023: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group's revenue increased by about 17.8% to approximately HK\$322,246,000 (2023: approximately HK\$273,619,000). The Group's net loss attributable to the owners of the Group was narrowed down to approximately HK\$13,402,000, comparing to the loss of approximately HK\$17,671,000 for the year ended 31 March 2023.

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

Advertising Media Business

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

Cleaning and Related Services Business

During the reporting period, two contracts, the provision of warewash and general cleaning service for the largest inflight catering service provider in Hong Kong have been extended for two years. The kitchen cleaning service contract has also been extended for another year with the catering company. Taking our satisfactory performance over the past two decades into consideration, they have also given us the opportunity to expand our service scope by awarding us with a three-year contract for the provision of Meal Assembly Service.

At the adjacent cargo terminal, we have renewed our cleaning service contract for the third time going into our fourth year of service.

We have also successfully renewed another contract for a term of three years to provide comprehensive cleaning for one of the largest private residential estates in Tung Chung. However, two contracts for providing comprehensive cleaning for two private residential estates, also in the Tung Chung area, were not renewed during the year amidst fierce competition.

Waste Treatment Business

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

Financial Review

The Group's revenue for the Year amounted to approximately HK\$322,246,000 (2023: approximately HK\$273,619,000) represented a 17.8% increase as compared to last year. The increase was mainly due to increased demand for our services by a long term customer who operates one of the largest flight kitchens in the world located at the Hong Kong International Airport. Demand for this customer increased as international travels rebounded during the year.

The Group's other income and gains for the Year was approximately HK\$3,728,000 (2023: approximately HK\$4,422,000), representing a decrease of approximately HK\$694,000 as compared to last year. The decrease was the net result of not receiving any subsidy from the Hong Kong Government under the Employment Support Scheme in the current year which was counter-balanced by additional bank interest earned, dividend received from financial assets and refund received from our insurance company in the current year in respect of a third party public liability claim.

Other operating expenses, which amounted to approximately HK\$103,210,000 (2023: approximately HK\$88,935,000), represented a year-to-year 16.1% increase. Such expenses mainly included the costs of services rendered under cleaning and related services business, which accounted for approximately 88.8% of other operating expenses in the Year. Such increase was mainly because the cost of sub-contracting had increased by approximately 30.0% when compared with last year's.

The Group's net loss attributable to the owners of the Group for the Year was approximately HK\$13,402,000 (2023: approximately HK\$17,671,000). Cleaning and related services business made a profit of approximately HK\$56,000, the advertising media business made a loss of approximately HK\$1,787,000, and the waste treatment business made a loss of approximately HK\$1,051,000.

Capital Structure, Liquidity and Financial Resources

As at 31 March 2024, the Group's cash and cash equivalents and pledged time deposits were approximately HK\$67,372,000 (31 March 2023: approximately HK\$72,204,000) and its current ratio was 2.1 (31 March 2023: 2.1).

The Group's net assets as at 31 March 2024 were approximately HK\$91,753,000 (31 March 2023: approximately HK\$105,662,000).

As at 31 March 2024, the Group's gearing ratio was 3.3% (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\$4,719,000 and HK\$7,775,000 respectively (31 March 2023: approximately HK\$6,984,000 and HK\$7,047,000 respectively). The Group's shareholders' equity amounted to approximately HK\$92,530,000 as at 31 March 2024 (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.

As at 31 March 2024, the Group's banking facilities amounting to HK\$40,000,000 (2023: HK\$40,000,000) were secured by the pledge of certain of the Group's time deposits amounting to approximately HK\$2,092,000 (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 not utilised to the extent of HK\$40,000,000 (2023:HK\$40,000,000).

Prospects

Advertising Media Business

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

Cleaning and Related Services Business

Although the world economy has shown signs of slowing down in 2023, we are hopeful for the coming year and we believe environmental and hygiene management will continue to be one of the essential services for our livelihood necessities.

Hong Kong housing production is expected to have a significant growth in both public and private sectors, which presents a substantial amount of development prospects for the Group's cleaning division. We aim to establish new business connections with various real estate developers to help further secure any potential businesses.

Other efforts in further expanding our market share, we will be placing more emphasis in bidding for government contracts, further utilizing our high-level team and exploring more opportunities in providing comprehensive pest control services to our existing and prospective clients.

We are excited for all the new opportunities that were presented to us during the reporting period and we will continue to look for new breakthroughs to expand our business scope.

Waste Treatment Business

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

Fund Raising Activity

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

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

The gross proceeds from the Placing amounted to HK\$7,950,600 and the net proceeds (after deducting the placing commission and other related expenses and professional fees) from the Placing amounted to approximately HK\$7,763,000. The Group intended to use such net proceeds for the general working capital and future business opportunities and investment. As at the date of this announcement, the net proceeds from the Placing were fully utilized as general working capital.

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

Save for the aforesaid Placing, the Company has not conducted any fund raising activities during the year ended 31 March 2024.

Dividend

The directors of the Company (the “Directors”) do not recommend the payment of a dividend to shareholders for the year ended 31 March 2024 (2023: Nil).

Pledge of Assets

Details of the Group’s pledged assets are included in note 14 to the consolidated financial statements.

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 (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 31 March 2024 and 2023.
- (c) As at 31 March 2024, the Group had contingent liabilities as possible claims arising from indemnity related to acquisition of property, plant and equipment was nil (31 March 2023: approximately HK\$5,144,000 being equivalent to RMB4,500,000). In the opinion of management of the Group, it is not necessary for recording any provisions for the above contingent liabilities as at 31 March 2024.

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.

Capital Commitments

As at 31 March 2024 and 2023, the Group had a total capital commitment of approximately HK\$Nil and HK\$7,201,000 respectively, contracted for but not provided in the consolidated financial statements.

Events Subsequent to the Reporting Period

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

Future Plans for Material Investments or Capital Assets

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

Material Acquisitions and Disposal of Subsidiaries

There was no material acquisition and disposal of subsidiaries during the year ended 31 March 2024.

Significant Investments

As at 31 March 2024, the Group did not have any significant investment plans.

Employees and Remuneration Policies

The total number of employees of the Group as at 31 March 2024 was 1,168 (2023: 1,144). Total staff costs, including directors' emoluments and net pension contributions, for the year under review amounted to approximately HK\$229,782,000 (2023: approximately HK\$198,416,000). 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

Reference was made to the announcement of the Company dated 19 June 2020 relating to, among others, the settlement agreement in relation to the termination of the acquisition of the entire issued shares in DaWen Corporation Limited (香港達文有限公司). The 66,666,666 escrow consideration shares of the Company have been sold on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") by the licensed securities brokerage firm on behalf of the Company on 3, 6, 7, 8 and 9 March 2023 at an aggregate consideration of approximately HK\$2,225,000.

Save as aforesaid, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

CORPORATE GOVERNANCE PRACTICES

The Board recognises the vital importance of a good corporate governance to the Group's management, success and sustainability. Corporate governance practices would be reviewed from time to time to ensure compliance with the regulatory requirements and to meet the rising expectations of Shareholders and investors relating to corporate value, transparency and accountability of all its operations.

The Company strived to maintain a high standard of corporate governance and complied with the Corporate Governance Code (the "CG Code") as stated in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on 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 2024, the Directors consider that the Company has complied with all the relevant code provisions set out in the CG Code throughout the year.

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

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 2024.

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

SCOPE OF WORK OF CCTH 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 2024 as set out in this preliminary announcement have been agreed by the Group's auditor, CCTH CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 March 2024. The work performed by CCTH 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 CCTH 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 2024.

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 Wednesday, 25 September 2024, the register of members of the Company will be closed from Friday, 20 September 2024 to Wednesday, 25 September 2024, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 19 September 2024.

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) and the Company at (www.XHNmedia.com). The 2023/2024 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.

By order of the Board
Xinhua News Media Holdings Limited
Tsui Kwok Hing
Co-Chairman

Hong Kong, 27 June 2024

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