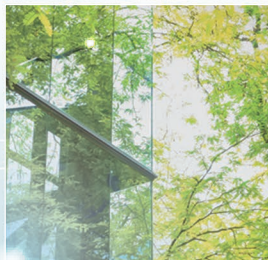


XINHUA
media.

XINHUA NEWS MEDIA HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 309



INTERIM REPORT
2022/2023

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Lo Kou Hong (*Chairman*)
Tsui Kwok Hing (*Co-Chairman*)
Fu Jun (*Chief Executive Officer*)
Leung Cheung Hang

Non-executive Directors

Wang Guan
Wang Chunping

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
Yau Pak Yue

EXECUTIVE COMMITTEE

Tsui Kwok Hing (*Chairman*)
Fu Jun
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

AUTHORISED REPRESENTATIVES

Tsui Kwok Hing
Chan Yuen Ying Stella

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 407, Fu Hang Industrial Building
1 Hok Yuen Street East, Hunghom
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

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 2022. 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 2022

	Notes	For the six months ended 30 September 2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Revenue	5	128,040	135,390
Other income and gains	6	3,023	813
Other losses	7	-	(528)
Staff costs	7	(91,518)	(92,387)
Depreciation and amortisation		(3,098)	(2,712)
Loss on fair value changes at financial assets at fair value through profit or loss		(2,729)	(458)
Other operating expenses		(43,019)	(45,420)
Finance costs	8	(370)	(250)
Loss before income tax	7	(9,671)	(5,552)
Income tax credit	9	3	120
Loss for the period		(9,668)	(5,432)
Other comprehensive (loss)/income <i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of financial statements of subsidiaries, net of tax		(70)	361
Total comprehensive loss for the period		(9,738)	(5,071)
Loss for the period attributable to:			
Owners of the Company		(9,491)	(5,189)
Non-controlling interests		(177)	(243)
		(9,668)	(5,432)
Total comprehensive loss for the period attributable to:			
Owners of the Company		(9,709)	(4,893)
Non-controlling interests		(29)	(178)
		(9,738)	(5,071)
Loss per share attributable to the owners of the Company -Basic and diluted	10	(HK\$0.0051)	(HK\$0.0029)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2022

		30 September 2022 (Unaudited) HK\$'000	31 March 2022 (Audited) HK\$'000
	<i>Notes</i>		
ASSETS			
Non-current assets			
Property, plant and equipment	11	10,988	13,181
Investment properties	12	1,987	2,220
Financial assets at fair value through profit or loss		12,991	13,976
Right-of-use assets		7,447	9,114
Deferred tax assets		189	212
Total non-current assets		33,602	38,703
Current assets			
Inventories		574	895
Trade receivables	13	44,966	56,524
Prepayments, deposits and other receivables	14	16,317	18,742
Pledged time deposits	15	2,075	2,075
Cash and cash equivalents		86,059	74,026
Total current assets		149,991	152,262
Total assets		183,593	190,965
LIABILITIES			
Current liabilities			
Trade payables	16	11,141	11,634
Other payables and accruals	17	35,009	36,234
Promissory notes payable	18	3,000	3,000
Amount due to a related company		1,055	1,055
Lease liabilities		3,426	3,606
Loans from directors		12,241	14,258
Tax payables		283	283
Total current liabilities		66,155	70,070

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 30 September 2022

	30 September 2022 (Unaudited) HK\$'000	31 March 2022 (Audited) HK\$'000
Net current assets	83,836	82,192
Total assets less current liabilities	117,438	120,895
Non-current liabilities		
Lease liabilities	5,502	6,984
Total non-current liabilities	5,502	6,984
NET ASSETS	111,936	113,911
EQUITY		
Equity attributable to owners of the Company		
Share capital	19,311	18,049
Reserves	92,842	96,050
	112,153	114,099
Non-controlling interests	(217)	(188)
TOTAL EQUITY	111,936	113,911

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2022

	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 2021 (Audited)	18,049	557,157	254	47,063	9,470	26,591	-	(532,917)	9,382	135,049	281	135,330
Loss for the period	-	-	-	-	-	-	-	(5,189)	-	(5,189)	(243)	(5,432)
Other comprehensive income for the period	-	-	-	-	-	-	-	-	296	296	65	361
Total comprehensive (loss)/ income for the period	-	-	-	-	-	-	-	(5,189)	296	(4,893)	(178)	(5,071)
Lapse of share options	-	-	-	-	(2,061)	-	-	2,061	-	-	-	-
At 30 September 2021 (Unaudited)	18,049	557,157	254	47,063	7,409	26,591	-	(536,045)	9,678	130,156	103	130,259
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 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 20)	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

* The reserve accounts comprise the consolidated reserves of approximately HK\$92,842,000 (31 March 2022: approximately HK\$96,050,000) in the condensed consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2022

	For the six months ended 30 September	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Net cash flows generated from/(used in) operating activities	8,609	(3,610)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through profit or loss	(2,500)	(13,000)
Redemption of financial assets at fair value through profit or loss	756	4,390
Proceeds from disposal of an investment property	-	1,619
Decrease in structured deposits	-	7,000
Payment for the purchase of property, plant and equipment	(190)	(735)
Proceeds from disposal of property, plant and equipment	1	292
Other investing cash flows	409	120
Net cash flows used in investing activities	(1,524)	(314)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from placing of new shares	7,763	-
Other financing cash flows	(3,929)	1,755
Net cash flows generated from financing activities	3,834	1,755
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	10,919	(2,169)
Cash and cash equivalents at the beginning of the period	74,026	93,953
Effect of foreign exchange rate changes	1,114	313
Cash and cash equivalents at the end of the period	86,059	92,097
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	44,891	33,940
Non-pledged time deposits with original maturity of less than three months when acquired	41,168	58,157
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	86,059	92,097

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2022

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands. The registered office address of the Company is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The principal place of business of the Company is located at Unit 407, Fu Hang Industrial Building, 1 Hok Yuen Street East, Hunghom, Kowloon, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

During the interim period, the Group was principally engaged in the provision of cleaning and related services, the provision of waste treatment service and the provision of advertising media service.

The condensed consolidated financial statements are presented in Hong Kong dollars ("HK\$") and all values are rounded to the nearest thousand ("HK\$'000"), unless otherwise stated.

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 September 2022 ("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 2022 annual financial statements of the Group ("2022 Annual Report"), except for the accounting policy changes that are expected to be reflected in the 2023 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 2022 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").

The financial information relating to the financial year ended 31 March 2022 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 2022

3. CHANGES IN ACCOUNTING POLICIES

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

- Amendments to HKFRS 3, Reference to the conceptual framework
- Amendments to HKAS 16, Property, plant and equipment: Proceeds before intended use
- Amendments to HKAS 37, Provisions, contingent liabilities and contingent assets: Onerous contracts – cost of fulfilling a contract
- Annual improvements to HKFRSs 2018–2020 cycle

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, share option expense and unallocated head office and corporate expenses are excluded from such measurement.

There are no inter-segment sales and transfers between the segments.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2022

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 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)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2022

4. OPERATING SEGMENT INFORMATION (continued)

Segment revenue and results (continued)

	For the six months ended 30 September 2021 (restated)			
	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	135,390	-	-	135,390
Segment results	2,443	(1,766)	(809)	(132)
Reconciliation:				
Unallocated other income and gains				458
Interest income				121
Unallocated expenses				(5,749)
Finance costs				(250)
Loss before income tax				(5,552)
Income tax credit				120
Loss for the period				(5,432)

Geographical information

The following sets out information about the geographical region of the Group's revenue from external customers, which is based on the location to which the services and goods are delivered.

	For the six months ended 30 September	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Hong Kong	128,040	135,390

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2022

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	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Cleaning and related service fee income	128,040	135,390

6. OTHER INCOME AND GAINS

	For the six months ended 30 September	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest income	199	121
Management fee income	30	30
Government subsidies (Note)	2,465	230
Dividend income on financial assets at fair value through profit or loss	209	228
Net gain on disposals of property, plant and equipment	-	118
Sundry income	120	86
	3,023	813

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 2022

7. LOSS BEFORE INCOME TAX

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

	For the six months ended 30 September	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Employee benefit expenses (including directors' remuneration):		
Wages, salaries and other benefits	86,471	88,584
Retirement scheme contributions	3,644	3,459
Provision for/(reversal of) long service payments	287	(527)
Provision for untaken paid leave	1,116	871
Total staff costs	91,518	92,387
Cost of services rendered*	121,006	122,743
Depreciation of property, plant and equipment	1,430	1,332
Depreciation of right-of-use assets	1,668	1,380
Net loss/(gain) on disposals of property, plant and equipment	15	(118)
Loss on write-off of property, plant and equipment	12	1
Fair value loss on investment properties	-	528

* The cost of services rendered includes employee benefit expenses of approximately HK\$85,130,000 (six months ended 30 September 2021: approximately HK\$82,926,000) 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	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Leases interest	250	130
Interest on promissory notes	120	120
Total	370	250

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2022

9. INCOME TAX CREDIT

	For the six months ended 30 September	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current tax:		
Hong Kong	–	(9)
The PRC	3	(3)
	3	(12)
Deferred tax	–	132
	3	120

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

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

Macau Complementary Tax is calculated at a progressive rate from 9% to 12% on the estimated assessable profit for the six months ended 30 September 2022. No provision for Macau Complementary Tax is required as the Company's subsidiary in Macau incurred tax losses for the six months ended 30 September 2022.

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% (2021: 16.5%) to the six months ended 30 September 2022, 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 2021.

Pursuant to the approval of the tax bureau, in accordance with the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法), one subsidiary of the Group is subject to the PRC Enterprise Income Tax at a rate of 15% for being engaged in the encouraged industries in a designated area. Other subsidiaries of the Group located in the PRC are subject to the PRC Enterprise Income Tax at a rate of 25% (six months ended 30 September 2021: 25%) on their assessable profits.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2022

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\$9,491,000 (six months ended 30 September 2021: approximately HK\$5,189,000), and the weighted average number of ordinary shares of 1,875,210,780 (six months ended 30 September 2021: 1,804,869,796) in issue during the interim period.

Diluted loss per share

The diluted loss per share is the same as the basic loss per share for the six months ended 30 September 2022 and 2021 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 2022, the Group acquired items of property, plant and equipment with aggregate cost of approximately HK\$190,000 (six months ended 30 September 2021: approximately HK\$735,000). Items of property, plant and equipment with aggregate carrying amount of approximately HK\$28,000 were written off and disposed during the six months ended 30 September 2022 (six months ended 30 September 2021: approximately HK\$175,000), resulting in a net loss on write-off and disposal of property, plant and equipment of approximately HK\$27,000 (six months ended 30 September 2021: net gain on write-off and disposal of property, plant and equipment of approximately HK\$117,000).

12. INVESTMENT PROPERTIES

	30 September 2022 (Unaudited) HK\$'000	31 March 2022 (Audited) HK\$'000
At the beginning of the period/year	2,220	6,390
Disposal of investment properties	-	(3,267)
Fair value loss on investment properties	-	(1,065)
Exchange realignment	(233)	162
At the end of the period/year	1,987	2,220

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2022

13. TRADE RECEIVABLES

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

	30 September 2022 (Unaudited) HK\$'000	31 March 2022 (Audited) HK\$'000
Within 30 days	20,475	21,701
31 to 60 days	18,529	17,382
61 to 90 days	5,782	11,078
91 to 120 days	83	5,045
Over 120 days	97	1,318
	44,966	56,524

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 September 2022 (Unaudited) HK\$'000	31 March 2022 (Audited) HK\$'000
Prepayments	3,025	3,511
Deposits	1,971	3,774
Other receivables	23,725	24,036
Amount due from a related company	6,977	6,802
Less: Impairment loss recognised on other receivables and deposits	(19,381)	(19,381)
	16,317	18,742

15. PLEDGED TIME DEPOSITS

At the end of the reporting period, the Group's banking facilities were secured by the pledge of certain of the Group's time deposits amounting to approximately HK\$2,075,000 (31 March 2022: approximately HK\$2,075,000), and a property owned by a related company which is controlled by a Director.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2022

16. TRADE PAYABLES

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

	30 September 2022 (Unaudited) HK\$'000	31 March 2022 (Audited) HK\$'000
Within 30 days	5,550	6,098
31 to 60 days	5,098	4,986
Over 90 days	493	550
	11,141	11,634

17. OTHER PAYABLES AND ACCRUALS

	30 September 2022 (Unaudited) HK\$'000	31 March 2022 (Audited) HK\$'000
Other payables	9,140	10,891
Accruals (Note)	25,869	25,343
	35,009	36,234

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

18. PROMISSORY NOTES PAYABLE

During the year ended 31 March 2021, the Company issued three promissory notes in the aggregate principal sum of HK\$3,000,000, bearing interest at 8% per annum and repayable on 31 January 2023.

19. DIVIDEND

The Directors do not declare the payment of any interim dividend for the six months ended 30 September 2022 (six months ended 30 September 2021: Nil).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2022

20. SHARE CAPITAL

	Number of shares	Nominal value HK\$'000
Authorised:		
<i>Ordinary shares of HK\$0.01 each</i>		
As at 1 April 2021, 31 March 2022, 1 April 2022 and 30 September 2022	2,000,000,000	20,000
Issued and fully paid:		
<i>Ordinary shares of HK\$0.01 each</i>		
As at 1 April 2021, 31 March 2022 and 1 April 2022 (Audited)	1,804,869,796	18,049
Placing of shares (Note)	126,200,000	1,262
As at 30 September 2022 (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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2022

21. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in these Interim Financial Statements, the Group had the following material transactions and balances with related companies, of which certain directors are also Directors, during the period.

(a) Transactions with related parties:

	For the six months ended 30 September	
	2022	2021
	(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 2022 (Unaudited) HK\$'000	As at 31 March 2022 (Audited) HK\$'000
Amount due from a related company		
Honest Grand International Limited	6,977	6,802
Amount due to a related company		
Sky Merit International Limited	1,055	1,055
Loans from directors		
Within one year	12,241	14,258

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	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Short-term employee benefits	1,436	1,651
Retirement scheme contributions	83	80
	1,519	1,731

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2022

22. 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 2022:

Description	Fair value measurement using:			Total As at 30 September 2022 (Unaudited) HK\$'000
	Level 1	Level 2	Level 3	
	HK\$'000	HK\$'000	HK\$'000	
Recurring fair value measurements:				
Financial assets at fair value through profit or loss				
Investments in funds	-	12,991	-	12,991
Investment properties Residential - PRC	-	-	1,987	1,987
	-	12,991	1,987	14,978

Disclosures of level in fair value hierarchy at 31 March 2022:

Description	Fair value measurement using:			Total As at 31 March 2022 (Audited) HK\$'000
	Level 1	Level 2	Level 3	
	HK\$'000	HK\$'000	HK\$'000	
Recurring fair value measurements:				
Financial assets at fair value through profit or loss				
Investments in funds	-	13,976	-	13,976
Investment properties Residential - PRC	-	-	2,220	2,220
	-	13,976	2,220	16,196

For the six months ended 30 September 2022 and year ended 31 March 2022, 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 2022

22. FAIR VALUE MEASUREMENTS (continued)

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

	For the six months ended 30 September	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Investment properties		
At the beginning of the period	2,220	6,390
Fair value loss on investment properties [#]	–	(528)
Transfer to non-current assets classified as held for sale	–	(1,619)
Exchange realignment	(233)	89
At the end of the period	1,987	4,332
[#] Include losses for assets held at end of reporting period	–	(528)

- (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 2 fair value measurements

Description	Valuation technique	Inputs	Fair value	
			As at 30 September 2022 (Unaudited) HK\$'000	As at 31 March 2022 (Audited) HK\$'000
Financial assets at fair value through profit or loss	Market approach	Quoted prices	12,991	13,976

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2022

22. FAIR VALUE MEASUREMENTS (continued)

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Effect of input increase on fair value	Fair value	
				As at 30 September 2022 (Unaudited) HK\$'000	As at 31 March 2022 (Audited) HK\$'000
Investment properties					
House No. 110 of House Zone 2, Emerald City Project, Sun Hang Kai, No. 1 Tuanshan Road, Jiangyang District, Luzhou City, Sichuan Province, the PRC	Direct comparison	Comparable evidence RMB4,500 per square metre	Increase	1,987	2,220

23. CONTINGENT LIABILITIES

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

- The Group has executed performance guarantees to the extent of an aggregate amount of approximately HK\$1,913,000 (31 March 2022: approximately HK\$4,630,000) in respect of certain services provided to various customers; and
- 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 2022 and 31 March 2022.

24. COMPARATIVE FIGURES

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

25. APPROVAL OF INTERIM FINANCIAL STATEMENTS

The Interim Financial Statements were approved and authorised for issue by the Board on 29 November 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the six months ended 30 September 2022 (the "Period"), the businesses of the Group are adversely affected by the impact brought by COVID-19. The Group's revenue decreased by 5.4% to approximately HK\$128,040,000 (30 September 2021: approximately HK\$135,390,000). The Group's net loss attributable to the owners of the Group was approximately HK\$9,491,000, whilst the loss attributable to the owners was approximately HK\$5,189,000 for the same period in 2021.

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

Due to COVID-19 outbreak, the Group's advertising media business had ceased since the second quarter of 2020 to minimize the loss brought by tightened public health measures and sanitation controls. The management will continue to streamline the operation and to adopt stringent cost control measures so as to strengthen the competitiveness of the business.

Cleaning and Related Services Business

Over the course of the reporting period, global economy was still affected by the pandemic and the war in Ukraine resulting in inflation rates increased to such high levels that many countries had not seen in past years and suffered lowest economic growth at the same time. Hong Kong could not escape such difficult economic times either albeit less severe. Competing for cleaning contracts remained fierce amongst cleaning service providers. Our Group was successful in renewing some cleaning contracts and also in winning some new contracts but, unfortunately, we were unsuccessful in renewing certain existing contracts resulting in a net reduction in revenue during the reporting period when compared to the same period last year. With the gradual pick up of the aviation industry, we have secured the cleaning contract for one of the largest flight kitchens in the world located at the Hong Kong International Airport. This new cleaning contract has increased our service scope to this client as we are already providing cleaning services to its warewash business and provide general cleaning to their main office building.

We have re-secured a two-year service contract with a Grade-A commercial building in Central which will bring in revenue in the second half of the financial year. We have also renewed a two-year cleaning contract for a commercial building in Causeway Bay which we have served for over 10 years.

We are mindful of the importance of contributing to the sustainability of the environment. To this end, we are constantly on the look-out for using better and better environmental-friendly cleaning detergents and materials. We have also used updated technology to enhance our services so as to achieve our aim to deliver services that exceed our clients' expectations.

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 Period amounted to approximately HK\$128,040,000 (30 September 2021: approximately HK\$135,390,000) represented a 5.4% decrease as compared to the corresponding period in 2021 because the Group was unsuccessful in renewing certain existing cleaning contracts during the reporting period. However, such negative effect on revenue was alleviated because the Group was also successful in renewing some existing and winning some new cleaning contracts.

FINANCIAL REVIEW (continued)

The Group's loss on fair value changes at financial assets at fair value through profit or loss for the Period was approximately HK\$2,729,000 (30 September 2021: approximately HK\$458,000), representing an increase of approximately HK\$2,271,000 as compared to the same period in 2021. Such increase was due to decrease in the fair value of investment funds held by the Group.

Other operating expenses, which amounted to approximately HK\$43,019,000 (30 September 2021: approximately HK\$45,420,000), represented a period-to-period 5.3% decrease. Such expenses mainly included the costs of services rendered under cleaning and related services business, which accounted for 83.4% of other operating expenses in the Period. The decrease in cost of services rendered was in line with the decrease in revenue.

The Group's net loss attributable to the owners of the Group for the Period was approximately HK\$9,491,000 (30 September 2021: approximately HK\$5,189,000). Cleaning and related services business made a loss of approximately HK\$800,000, the advertising media business made a loss of approximately HK\$2,596,000, and the waste treatment business made a loss of approximately HK\$595,000.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2022, the Group's cash and cash equivalents and pledged time deposits were approximately HK\$88,134,000 (31 March 2022: approximately HK\$76,101,000) and its current ratio was 2.3 (31 March 2022: 2.2).

The Group's net assets as at 30 September 2022 were approximately HK\$111,936,000 (31 March 2022: approximately HK\$113,911,000).

As at 30 September 2022, the Group's gearing ratio was 2.7% (31 March 2022: 2.6%), representing the total interest-bearing debts divided by total equity. The Group had lease liabilities and loans from directors of approximately HK\$8,928,000 and HK\$12,241,000 respectively (31 March 2022: approximately HK\$10,590,000 and HK\$14,258,000 respectively). The Group's shareholders' equity amounted to approximately HK\$112,153,000 as at 30 September 2022 (31 March 2022: approximately HK\$114,099,000).

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 30 September 2022, the Group's banking facilities were secured by the pledge of certain of the Group's time deposits amounting to approximately HK\$2,075,000 (31 March 2022: approximately HK\$2,075,000), and a property of a related company which is controlled by a director of the Company.

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").

FUND RAISING ACTIVITY (continued)

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. As at the date of this report, the net proceeds from the Placing were used as approximately HK\$5,530,000 for general working capital of the Group, including staff costs, rental payment, professional fees, general administrative expenses and repayment of other payables and accruals and expected to be fully utilized on or before 1st quarter of 2023.

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

PROSPECTS

Advertising Media Business

The global pandemic remains uncertain and brought a negative impact on overall market sentiment. The resumption of the advertising media business segment is temporarily unforeseeable. While adapting to the pandemic and identifying new opportunities ahead, the Group will continue to implement its business plan in a prudent manner as and when appropriate.

Cleaning and Related Services Business

The business of providing cleaning services to residential estates, commercial buildings and shopping malls is very competitive. Our reputation for professionalism in the market can help us grow our business and expand market share, particularly in the middle to high end cleaning service market. We also place emphasis on providing training for our staff, teaching them how to effectively use chemicals and actively seeking feedbacks from our staff and clients so that we can provide the best to our clients without compromising our services.

The impact of the pandemic is still being felt by most businesses and the cleaning service industry is no exception. Operating cost is likely to rise which will affect gross profit margin. However, we have confidence that our experience, professionalism, dedication and pure hard work can help us overcome the present difficult situation and that we can continue to serve our clients well, and we shall come out of it stronger and better prepared for the future.

INTERIM DIVIDEND

The Board did not declare the payment of an interim dividend to the shareholders of the Company (the "Shareholders") for the six months ended 30 September 2022 (30 September 2021: Nil).

CONTINGENT LIABILITIES

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

- (a) The Group has executed performance guarantees to the extent of an aggregate amount of approximately HK\$1,913,000 (31 March 2022: approximately HK\$4,630,000) 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 2022 and 31 March 2022.

CONTINGENT LIABILITIES (continued)

As at the date of this report, 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.

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 2022 was 1,037 (31 March 2022: 1,071). Total staff costs, including directors' emoluments and net pension contributions, for the reporting period amounted to approximately HK\$91,518,000 (30 September 2021: approximately HK\$92,387,000). 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, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2022.

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 2022 are as follows:

Name or Category of participants	Exercise price per share HK\$	As at 1 April 2022	During the period		As at 30 September 2022	Notes
			Granted	Lapsed		
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. Fu Jun	0.094	8,000,000	-	-	8,000,000 (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)	
Sub-total	-	49,600,000	-	-	49,600,000	
Continuous Contracts Employees	0.278	8,686,302	-	-	8,686,302 (2)	
	0.094	39,800,000	-	(400,000)	39,400,000 (1)	
Sub-total		48,486,302	-	(400,000)	48,086,302	
All other eligible participants	0.278	3,446,000	-	-	3,446,000 (2)	
	0.094	29,000,000	-	-	29,000,000 (1)	
Sub-total		32,446,000	-	-	32,446,000	
Total		130,532,302	-	(400,000)	130,132,302	

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.

As at the date of this report, 130,132,302 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 2022, 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. Fu Jun ("Mr. Fu") (Note 3)	Long position	Beneficial owner	-	8,000,000	8,000,000	0.41%
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:

- (1) 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.
- (2) 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.
- (3) Each of Mr. Fu and Mr. Leung is interested in share options which can be severally exercised to subscribe for 8,000,000 Shares.
- (4) 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 2022, Mr. Lo held 1 share in a subsidiary of the Company in a non-beneficial capacity, solely for the purpose of complying with the minimum company membership requirements.

Save as disclosed above, as at 30 September 2022, 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 2022.

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

As at 30 September 2022, 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

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 2022, the Directors consider that the Company has complied with all the relevant code provisions set out in the CG Code throughout the reporting period.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its own code of conduct governing Directors' dealings in the Company's securities (the "Code") on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 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 2022.

The Company has also established written guidelines on terms no less exacting than the Model Code (the "Employees Written Guidelines") for governing the securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company. 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 2022 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

Fu Jun

Chief Executive Officer and Executive Director

Hong Kong, 29 November 2022