



**XINHUA
media.**

XINHUA NEWS MEDIA HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
Stock Code : 309

ANNUAL REPORT
2018/19



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Lo Kou Hong *(Co-Chairman)*
Chan Chun Wo *(Co-Chairman and Chief Executive Officer)*
David Wei Ji
Huang Wen Kai
Chen Ming
Lee Suen

Independent Non-executive Directors

Wang Qi
Tsang Chi Hon
Ho Hin Yip
Wang Chunping

AUDIT COMMITTEE

Tsang Chi Hon *(Chairman)*
Wang Qi
Ho Hin Yip
Wang Chunping

REMUNERATION COMMITTEE

Tsang Chi Hon *(Chairman)*
Lee Suen
Wang Qi
Ho Hin Yip

NOMINATION COMMITTEE

Chan Chun Wo *(Chairman)*
Lee Suen
Wang Qi
Tsang Chi Hon
Ho Hin Yip

STRATEGY AND DEVELOPMENT COMMITTEE

Chan Chun Wo *(Chairman)*
David Wei Ji
Huang Wen Kai
Chen Ming
Tsang Chi Hon
Wang Chunping

EXECUTIVE COMMITTEE

Chan Chun Wo *(Chairman)*
David Wei Ji
Huang Wen Kai
Chen Ming
Tsang Chi Hon

CORPORATE GOVERNANCE COMMITTEE

David Wei Ji *(Chairman)*
Chan Chun Wo
Huang Wen Kai
Chen Ming
Tsang Chi Hon
Ho Hin Yip
Wang Chunping

CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY

Lau Siu Hung

AUTHORISED REPRESENTATIVES

David Wei Ji
Lau Siu Hung

AUDITORS

Zhonghui ANDA 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 3709-13, 37/F, COSCO Tower
183 Queen's Road Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor
Royal Bank House
24 Shedden Road
PO Box 1586
Grand Cayman
KY1-1110
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
Level 54
Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Dah Sing Bank, Limited

STOCK CODE

309

COMPANY'S WEBSITE

www.XHNmedia.com

CO-CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors, I present to you the annual report of Xinhua News Media Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the financial year ended 31 March 2019.

As the lines of a traditional Chinese poem go, "there will be a day when we conquer the waves of the raging sea; then we shall hoist the sails and speed towards the shore of triumph (長風破浪會有時，直掛雲帆濟滄海)". During the year under review, the Group delivered all its previous commitments. We have achieved positive results in a variety of segments derived from the advertising media operation, including advertisement, planning, consultancy, brokerage and promotion businesses.

In addition, the Company's efforts in investing films are about to deliver fruitful results, from which it will receive consistent annual income in the coming years. Cooperation with Mr. Gao Xixi, a reputable director in the PRC, has also seen sound progress. (Director Gao Xixi served as the chairman of the international judging panel for the Magnolia Award (白玉蘭獎) at the 25th Shanghai Television Festival in 2019 and a member of the technical jury at the 69th Cannes Film Festival. He is also the second Chinese director whose handprint is on the Hollywood Walk of Fame. Director Gao Xixi has won numerous awards, including, for multiple times, the Magnolia Award (白玉蘭獎), the Flying Apsaras Award (飛天獎), the Golden Eagle Award (金鷹獎), the Huabiao Award (華表獎), the Gold Star Award and the Lily Award (金星百合獎), the Five-One Project Award (五個一工程獎) and the Chunyan Award (春燕獎), and received honors such as People's Artist (人民藝術家), Great Artist (德藝雙馨藝術家) and the Artist and Culture Ambassador of Chinese Non-physical Heritage (中國非遺工匠文化大使).) Shooting of the television series Citizen Emperor (公民皇帝) is proposed to begin in the current year and the Group holds its copyright.



(Left: Mr. Gao Xixi

Right: Mr. Chan Chun Wo)

A hotel in Wuyishan and three villas in Sichuan currently owned by the Group will generate stable revenue for the Group through rental income and asset appreciation.

Development under the "Belt and Road" initiative and the Greater Bay Area introduced by the PRC is experiencing robust growth and steady progress. As a listed company in Hong Kong, the Group will proactively explore and tap into new businesses. In particular, the Group will exert more efforts to pursue areas relating to people's livelihood and applications and the artificial intelligence, telecommunication and 5G related industries, with a view to turning a new leaf in the long-term development of the Group.

I would like to express heartfelt gratitude to all Directors and the employees of the Group for their loyalty, commitment, professionalism and ambition. I look forward to building on our unity, integrity and teamwork to charter new heights in the coming year.

We are absolutely committed to the long and winding pursuit of excellence.

Chan Chun Wo

Co-chairman

Hong Kong, 27 June 2019

LO'S CLEANING SERVICES LTD., A WHOLLY-OWNED SUBSIDIARY OF XINHUA NEWS MEDIA HOLDINGS LTD., WAS FOR THE FIFTEENTH YEAR RECOGNISED AS A CARING COMPANY AND THEREAFTER AWARDED "CARING COMPANY 15 YEARS +" BY THE HONG KONG COUNCIL OF SOCIAL SERVICE.



Dear Shareholders,

Yet another year has passed.

Municipal solid waste charging scheme, charging by "paid garbage bags" and by "weight" to drive the behavioural changes of the public in waste disposal and thus achieving reduction of waste and slowing down the saturation of landfills, has been gazetted and is expected to be implemented by the end of 2020. The Group is closely monitoring the progress and getting ourselves well prepared, in terms of taskforce, equipment and complementary measures so as to service our customers as required by law.

Disposal of wastes in an environmentally friendly way is a problem that the world is facing. Out of the many types of wastes, such as food wastes, glass wastes, papers, Styrofoam etc., Styrofoam presents the biggest headache because it is non-biodegradable and is difficult to treat after it is disposed of. Although many countries wanted to ban it, yet, the market is flooded with Styrofoam because it is cheap and it is light thus making it useful in many ways. For example, Hong Kong disposes 100 tons of Styrofoam products per day, which is equivalent to 36,000 tons per year. Research and experiment in a technology that can treat and process Styrofoam wastes and turn it back into polystyrene raw materials is at an advanced stage and we are very much interested in involving in its development. This technology, when it matures, can surely help Hong Kong and indeed the world in reducing the inundation of Styrofoam materials and countries need not consider banning Styrofoam anymore.

The Group was awarded a "15-Year Plus Caring Company Logo" for our commitment in Caring for the Community, the Employees and the Environment over the past years. We are determined to carry on with our corporate social responsibility which will not only benefit ourselves but also the community as a whole.

The continued support of our shareholders, the diligent guidance of my fellow directors and the commitment and hard work of our staff are central to the ongoing success of the Group. I wish to express my heartfelt gratitude to all of you for your devotion and contribution.

Lo Kou Hong
Co-Chairman

Hong Kong, 27 June 2019

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING RESULTS

The Group's revenue for the year ended 31 March 2019 amounted to approximately HK\$404,279,000 (2018: HK\$349,240,000), a 15.8% increase as compared to the previous year. The loss of the Group was approximately HK\$16,226,000 (2018: HK\$38,930,000). Cleaning and related services business made a profit of approximately HK\$14,610,000, the medical waste treatment business made a profit of approximately HK\$3,575,000, the advertising media business made a profit of approximately HK\$24,121,000, and the waste treatment business made a loss of approximately HK\$1,731,000.

The other operating expenses, which amounted to approximately HK\$147,598,000 (2018: HK\$114,571,000), represented a year-to-year 28.8% increase. Such expenses mainly include the costs of services rendered under cleaning and related service business (about 45% of such), advertising media business (about 21% of such) and medical wastes treatment business as well as legal and professional fee, which together accounted for about 80.5% of other operating expenses in the current year.

During the year, almost 88% of the increment of the other operating expenses is due to the increase in the cost of sales and related expenses incurred under the advertising media business activities. Almost 9% of the increment of the same is due to the increase in legal and professional fee.

FINANCIAL REVIEW

As at 31 March 2019, the Group's cash and cash equivalents and pledged time deposits totaled approximately HK\$72,815,000 (2018: HK\$46,359,000) and its current ratio was 1.9 (2018: 2.5). The Group's net assets were approximately HK\$147,235,000 (2018: HK\$97,766,000).

As at 31 March 2019, the Group did not have any bank borrowings but the Group had finance lease payables and loans from a director of approximately HK\$562,000 and approximately HK\$6,248,000 respectively (2018: HK\$1,028,000 and HK\$6,688,000) and therefore, its gearing ratio, representing ratio of finance lease payables and loans from a director to shareholders' equity was 4.6% (2018: 7.9%). The Group's shareholders' equity amounted to approximately HK\$147,235,000 as at 31 March 2019 (2018: HK\$97,766,000).

The Group takes a prudent approach to cash management and risk control. Its revenues, expenses and capital expenditures in relation to cleaning and related business are transacted in HK\$, whereas those of the medical waste treatment business, waste treatment business and advertising media business 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 the medical waste treatment business and advertising media business, which are in RMB, can offset future liabilities and expenses.

As at 31 March 2019, the Group's banking facilities were secured by the pledge of certain of the Group's time deposits amounting to approximately HK\$2,056,000 (2018: HK\$2,046,000) and a property owned by a related company which is controlled by a director of the Company.

BUSINESS REVIEW

Advertising Media Business

In May 2018, the Group signed a strategic cooperation framework agreement with Fujian Province Zhi Chuang Zhi Yuan Marketing Planning Company Limited ("Zhi Chuang"). Since then, the Group has been developing with Zhi Chuang and providing advertising media support, including media planning, promoting, marketing and selling services to real estate development project. During the first half year, initial business investment was made and a revenue of approximately HK\$6.7 million was recorded. Throughout the whole fiscal year, the Group recorded a segment revenue of approximately HK\$53 million and a segment result of approximately HK\$24 million.

Apart from developing the conventional advertising media business, the Group executes the strategy to diversify, complement and enhance the advertising media business by completing a transaction on acquiring the script of five dramas and a movie on 20 March 2019. This transaction initiates a co-operation between the Group and the reputable national film director Mr. Gao Xixi on developing popular media contents for the booming entertainment market in China.

Cleaning and related services business

With the unemployment rate hitting a record low of 2.8%, labour shortage continued to pose a serious challenge to business operators. Such situation was particularly noticeable in the service and retail sectors. To address and mitigate the issue, remedial measures were adopted by the Group, which included reviewing constantly our wage and fringe benefit packages to attract and incentivize the new blood and reduce turnover rate, awarding gratuities to employees for referrals, paying a premium to those who are required to attend duties at unsocial hours and improving work environments.

There is no quick fix to alleviate labour shortage. We continued our studies to explore new and more ergonomic and effective methods and products to enhance effectiveness and reduce fatigue. We have also been exploring using new machines and equipment with artificial intelligence as far as practicable to replace some of the labour intensive jobs.

During the year under review, four contracts for the provision of warewash and general cleaning services were renewed with a leading flight kitchen in Chap Lap Kok Airport for a term of two years.

In view of our satisfactory performance in the past, the cleaning contract for an office building in Central, once the tallest development in Hong Kong, was extended by three years with reasonable adjustments in the prices.

We were able to renew contracts with a prominent property owner, who has had business with us for several years, to continue the provision of day-to-day cleaning and waste disposal for their properties, including private streets, in Kowloon and Island South.

A two-year contract was also renewed for providing general cleaning, curtain wall cleaning as well as pest control to a commercial and retail development comprising a high-rise office block standing on a podium of floors of retail shops and car parks in Admiralty.

On the aspect of high-level cleaning, in addition to providing cleaning jobs periodically to curtain wall and overhead locations and facilities as included in our long term cleaning contracts, the Group had also entered into two agreements for the provision of one-off external wall cleaning for a commercial building in Central and a luxurious residential complex in Clear Water Bay Road.

Management Discussion and Analysis

Medical waste treatment business

The Group operates two medical waste treatment plants in the PRC, one in Siping City and the other in Suihua City. Both plants have been operating smoothly throughout the reporting year.

Waste treatment business

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

PROSPECTS

Advertising Media Business

Under the 3-year strategic cooperation framework agreement signed in May 2018, the Group continues to develop the conventional advertising media business by providing marketing strategy, media promotion, product selling services to real estate projects in China. Although the current trade war between the USA and China places uncertainties to general economy and the real estate market in China, the Group expects that the revenue for next year is not less than the current year.

Apart from conventional advertising media, which encounters strong competition from digital market, the Group has been developing towards the digital advertising media channels by taking a first step to co-operate with the reputable national film director Mr. Gao Xixi, who is famous in producing popular drama series and movies in China. In 2019, Mr. Gao Xixi serves as the chairman of judging panel for the Magnolia Awards (白玉蘭獎) in 25th Shanghai Television Festival. As the market eyeball attention is shifting to mobile screen and other digital medias, it is the Group's strategy to participate in the quality content-creation industry (i.e. drama series or movie) for securing quality advertisement view time in popular broadcasting channels. Mr Gao Xixi's productions have been broadcasted in digital channels such as Tencent Video, LETV, Youku, Tudou, Iqiyi etc and traditional TV station such as Beijing Television, Zhe Jiang Satellite Television, Hunan Satellite Television etc.

Cleaning and related services business

The statutory minimum wage which customarily revises once every two years had been increased from HK\$34.50 to HK\$37.50 per hour from 1 May 2019, the biggest increase since its introduction in 2011. The ripple effect that this has brought about is the certainty that labour and other related costs are pushed upwards. The Group is well aware of such effects and will take such into consideration when preparing for tenders and renewing contracts.

The economic slowdown in Mainland China, the trade friction between the US and China as well as the deadlock in Brexit have shaved the public's confidence. A prolonged trade friction between these two big economies of US and China will lead to uncertainty and affect economic growth. Although it has been said that Hong Kong might not be impacted as seriously as envisaged, current signs are not so optimistic. Businesses in Hong Kong have become more prudent in their budget preparations and planning.

Several contracts on hand are due for renewal in the next financial year. In the face of these challenges and the fact that more new competitors are scrambling for market shares, we are wary of the situation and can expect that certain contracts may not be renewed with satisfactory return. Our profit margins will likely be affected if that should occur.

Medical waste treatment business

The Group's medical wastes treatment business had been operating smoothly, however, the overall operational cost is likely to rise in the coming years because the Chinese Government now places emphasis on compliance with environmental protection policies on industries such as the medical wastes treatment industry and our Group needs to keep updating our equipment and mode of operations in order to comply. We can therefore expect that the profit margin will be affected in future.

Technology, Media & Telecommunication (TMT)

The wave of innovation and technology is sweeping through the entire world. The HKSAR government has proposed in its latest budget to invest into the development of the "Hong Kong – Shenzhen Innovation and Technology Park" in the Lok Ma Chau Loop, including capital injection to the Innovation and Technology Fund and support for the construction of technology and innovation platforms to attract top-quality scientific research institutions and technology companies in the world to establish a presence in Hong Kong. President Xi Jinping also indicated that he attaches importance to the development of scientific research in Hong Kong and emphasised cooperation between Hong Kong and the Mainland on technology to support Hong Kong as an international innovation and technology centre.

The government of the PRC had issued different specific plans and guidance to regulate and expedite the development of "Smart City", for example, The State Council of the PRC (中華人民共和國國務院) had issued National New-type Urbanisation Plan (2014-2020) (國家新型城鎮化規劃(2014-2020年)) in 2014, highlighting the "six directions" for development of smart cities, including broadband information and communication network, digitalisation of planning and management, smart infrastructure, convenient public services, development of modern industry, and meticulous social governance. Eight Ministries including National Development and Reform Commission (八部委包括國家發展和改革委員會) issued Guiding Advice on Promoting the Healthy Development of Smart Cities (關於促進智慧城市健康發展的指導意見) in 2014 to regulate and promote the development of smart cities gradually from pilot to other areas of applications (e.g. smart transport, smart healthcare).

As a listed company in Hong Kong, the Group is exploring the development of innovation and technology in Hong Kong and China. We will seriously consider extending our business to the commercial application of high technology, such as robotics, artificial intelligence, computer vision, virtual reality, augmented reality, telecommunication technology and 5G etc, in Hong Kong and China.

DIVIDEND

The Directors do not recommend the payment of a dividend to shareholders for the year ended 31 March 2019 (2018: nil).

Management Discussion and Analysis

USE OF THE PLACING PROCEEDS

During the year ended 31 March 2019, the Group completed the placing of 162,909,090 new shares of the Company under the general mandate. The net proceeds from the placing was approximately HK\$44,198,000 after deduction of the placing commission and other related expenses. Details of which are set out as follows:

Date of Completion	Description of placing activities	Intended use of placing proceeds	Actual use of placing proceeds as at 31 March 2019
26 July 2018	Issued 162,909,090 new shares of the Company under the general mandate. The net proceeds from the placing was approximately HK\$44,198,000	It mainly covers the Group's business plan, including but not limited to: (i) establishing an operation centre to provide a wider scope of services; (ii) engaging outsourcing business partners to enhance the Group's capacity and service scope; and (iii) the Group's business development, expansion and exploration of business collaboration opportunities.	Approximately HK\$33,651,000 was used for setting up operation center and for the Group's business development. As at 31 March 2019, the unutilized proceeds from the placing, approximately HK\$10,547,000, is still allocated for the same intentions.

Save for the aforesaid placing, the Company has not conducted any fund raising activities in the past 12 months immediately preceding the date of this report.

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 HK\$15,662,000 (2018: HK\$17,252,000) in respect of certain services provided to various customers by the Group.
- 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 2019 and 2018. Currently, there is a claim against the Group for legal costs that amounts to approximately HK\$1,800,000 by Brave Venture Limited arising from litigation back in September of 2017.

EMPLOYEES AND REMUNERATION POLICIES

The total number of employees of the Group as at 31 March 2019 was 1,520 (2018: 1,604). Total staff costs, including directors' emoluments and net pension contributions, for the period under review amounted to HK\$270,043,000 (2018: HK\$250,421,000). 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.

BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

As at the date of this report, the biographical details of the directors (the “Directors”) and senior management of Xinhua News Media Holdings Limited (the “Company”) are as follows:

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Lo Kou Hong

Mr. Lo, aged 76, is the founder of the Company, the Co-Chairman of the Board and an Executive Director of the Company. He is also a director of certain subsidiaries of the Company. Prior to establishing Lo’s Cleaning Services Limited in 1978, Mr. Lo served as a manager at a local property management company. He was appointed as a vice president of the Friends of Scouting in 2001. Mr. Lo is also a founder member and director of Environmental Innovation Council Limited, a non-profit-making organisation incorporated in Hong Kong with limited liability by guarantee.

Mr. Chan Chun Wo

Mr. Chan, aged 69, was appointed as an Executive Director of the Company in February 2018, and was subsequently appointed as the Co-Chairman and the Chief Executive Officer in the same month. He is the chairman of the executive committee, strategy and the development committee and the nomination committee of the Company and a member of the corporate governance committee of the Company. He is also a director of certain subsidiaries of the Company. In 1977, Mr. Chan graduated from Nanjing Institute of Technology, the PRC (currently known as Southeast University) with a degree in Mechanical Engineering. He was awarded as the Outstanding Chinese Entrepreneur by Innovation China (中國優秀創新企業家) in 2013. Mr. Chan has more than 30 years of experience in corporate management. He is currently the chairman and the general manager of Zhejiang Hao Miao Technology Company Limited (浙江浩淼科技有限公司) (Stock code: 366116), a company listed on The Qianhai Equity Exchange. In 1985, Mr. Chan served as the business manager (China) in Swire Engineering Services Limited. In 1992, he founded East Town Trading Company Limited in Hong Kong. Subsequently, in 2008, he established Zhejiang Hao Miao Technology Company Limited where he has been the chairman and the general manager of such company since then.

Mr. David Wei Ji

Mr. Ji, aged 38, was appointed as an Executive Director of the Company in August 2013. He is the chairman of the corporate governance committee and a member of the executive committee and strategy and development committee of the Company. Mr. Ji currently also serves as Chief Operating Officer of the Company and director of two subsidiaries. He obtained a Bachelor of Science in Business Administration from Boston University School of Management in 2003 and a Master of Business Administration from the University of Chicago Booth School of Business in 2013 with concentrations in Analytic Finance, Accounting and International Business. Since 2003, Mr. Ji has worked with Fortress Investment Group in the Private Equity Group, Morgan Stanley Real Estate Funds, and UBS Financial Services in the Private Wealth Management division. He is experienced in asset management, market research and fund raising in the financial industry.

Biographical Information of Directors and Senior Management

Mr. Huang Wen Kai

Mr. Huang, aged 61, was appointed as an Executive Director of the Company in February 2018, and is a member of the executive committee, the strategy and development committee and the corporate governance committee. In 1988, he graduated from Hangzhou Institute of Commerce (currently known as Zhejiang Gongshang University) with a professional degree in Business Administration. Mr. Huang has been working in the field of commercial trading for more than 30 years. In 1988, he served as the general manager of Guangxi Province Qinzhou City Gongxiao Trading Centre (廣西省欽州市供銷貿易中心), and jointly founded Excel Electronics (Beihai) Company Limited (卓群電子(北海)有限公司) in 2008.

Ms. Chen Ming

Ms. Chen, aged 28, was appointed as an Executive Director of the Company in February 2018, and is a member of the executive committee, the strategy and development committee and the corporate governance committee. Ms. Chen graduated from Tourism College of the Institute for Tourism Studies in Macau with a Bachelor of Science in Tourism Business Management in 2012. Ms. Chen currently serves as a director and a general manager, and beneficial owner of Symphony Investments Holdings Limited, a substantial shareholder (as defined in the Listing Rules) of the Company. Symphony Investments Holdings Limited is mainly engaged in the investment, import and export trade and asset management. She assumed various positions in several well-renowned hotels in Macau, which includes working in the exhibition department of the Venetian Macao from 2013 to 2014 and working in the sale and marketing department of JW Marriott Hotel Macau & The Ritz-Carlton, Macau from 2014 to 2015.

Ms. Lee Suen

Ms. Lee, aged 45, was appointed as an Independent Non-executive Director of the Company in February 2018, and was subsequently re-designated as an Executive Director of the Company in June 2019. She is a member of the remuneration Committee and the nomination Committee of the Company. Ms. Lee is a senior management of a subsidiary of the Company. She holds a Bachelor of Social Sciences from The University of Hong Kong and a master's degree of Business Administration in International Management from The University of London (in association with Royal Holloway and Bedford New College). She is currently a member of Hong Kong Securities and Investment Institute and a holder of asset management practicing certificate. Ms. Lee has over 10 years working experience in listed Hong Kong property developers and has extensive management and administrative experience. She has also participated in development, preparation and operation of outlets shopping center projects in various provinces and cities in Mainland China, and was responsible for overseas sourcing, domestic retail, sales and marketing and leasing.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wang Qi

Mr. Wang Qi, aged 65, was appointed as an Independent Non-executive Director of the Company in August 2006. He is a member of the audit committee, the remuneration committee and the nomination committee of the Company. Mr. Wang Qi was a director of Jingneng Property Company Limited (a company listed on the Shanghai Stock Exchange), engaging in property development in Beijing and the general manager of Tian Chuang Science and Technology Development Company Limited, engaging in investment of technologically related businesses. Mr. Wang Qi is a qualified senior engineer and has over 30 years of experience in business management. He was a senior investment manager of China Commercial Construction Development Company from 1989 to 2000 and was responsible for the investment and listing projects of various companies in Mainland China. Mr. Wang Qi also served as an executive officer to manage some of the investment projects of Regal Hotels International from 1997 to 2000 and New World Group from 1993 to 2000 in Mainland China. In addition, Mr. Wang Qi has devoted himself in developing the business connection and communication between Hong Kong and Mainland China in the field of business management and investment.

Biographical Information of Directors and Senior Management

Mr. Tsang Chi Hon

Mr. Tsang, aged 45, was appointed as an Independent Non-executive Director of the Company in November 2013. He is the chairman of the audit committee and the remuneration committee and a member of the executive committee, strategy and development committee, nomination committee and corporate governance committee of the Company. Mr. Tsang graduated from The University of Hong Kong in December 2009 with a Bachelor of Accounting and was admitted as a certified public accountant of The Hong Kong Institution of Certified Public Accountants in April 2006. He has approximately 19 years of experience in audit and accounting. Mr. Tsang joined Baker Tilly Hong Kong Business Services Limited as an auditor in October 1999 and left in February 2004. In March 2004, he joined Grant Thornton Hong Kong as a senior in the assurance division, was subsequently promoted to supervisor in October 2005 and left the firm in March 2007. From May 2007 to July 2008, he joined Reyoung Pharmaceutical Holdings Limited, a company listed on the Main Board of the Singapore Exchange Securities Trading Limited as a group financial controller. From May 2009 to September 2009, Mr. Tsang was employed by Luxworld Limited as a financial reporting manager. From November 2009 to February 2014, Mr. Tsang served as chief financial officer in Zuoan Fashion Limited, a company listed on the New York Stock Exchange. Mr. Tsang was appointed as the company secretary of China Oriented International Holdings Limited in May 2017.

Mr. Ho Hin Yip

Mr. Ho, aged 45, was appointed as an Independent Non-executive Director of the Company in December 2014, and is a member of the audit committee, nomination committee, remuneration committee and corporate governance committee of the Company. He obtained the bachelor's degree in business administration from the Chinese University of Hong Kong in December 1997. Mr. Ho is currently a fellow member of The Association of Chartered Certified Accountants and a practicing member of the Hong Kong Institute of Certified Public Accountants. He has more than 20 years of experience in finance and auditing. Mr. Ho is currently the financial controller and joint company secretary of Singapore-listed Dukang Distillers Holdings Limited (Singapore stock code: BKV), where he is responsible for the finance and accounting functions, statutory compliance and corporate governance affairs. He currently also acts as an independent non-executive director of each of China Ever Grand Financial Leasing Group Co., Ltd. (stock code: 379), Jiyi Household International Holdings Limited (stock code: 1495), and Royal China International Holdings Limited (stock code: 1683), all of which are companies listed on the Main Board of the Stock Exchange.

Mr. Wang Chunping

Mr. Wang Chunping, aged 45, was appointed as an Independent Non-executive Director of the Company on 1 June 2019, and is a member of the audit committee, strategy and development committee and corporate governance committee of the Company. He was awarded the Graduate Diploma in Accounting by the Southwest University and the Graduate Diploma in Finance by the Fujian Agriculture and Forestry University in 2009 and 2013, respectively. He was approved and awarded the Qualification Certificate for Finance Planner (理財規劃師) and the Intermediate Professional Qualification for Finance and Economics (金融經濟) by the Ministry of Human Resources and Social Security of the People's Republic of China in 2007 and 2009, respectively. He is currently an executive director of Fujian Changkuan Internet Finance and Information Services Limited (福建長寬互聯網金融信息服務有限公司) and responsible for its operation management. Mr. Wang Chunping worked at the Fuqing Branch of China Construction Bank in Fujian Province and has 20 years of experience in the banking industry, specializing in banking credit, management of project investment, risk control and asset appraisal.

SENIOR MANAGEMENT

Mr. Lau Siu Hung

Mr. Lau, aged 39, was appointed as the Chief Financial Officer and Company Secretary of the Company in August 2018. He is also a senior management of a subsidiary of the Company. Mr. Lau studied in the Hong Kong University of Science and Technology (HKUST) and Nanyang Technological University of Singapore and obtained a Master and a Bachelor degree. He is currently a member of the Institute of Chartered Accountants in England and Wales, the Hong Kong Institute of Certified Public Accountants and the Hong Kong Securities and Investment Institute and was a holder of the Securities and Futures Commission Type 6 (advising on corporate finance) license. Mr. Lau has over 10 years of experience in listed company corporate finance, mergers and acquisitions in Europe, USA and Asia, private equity investment, financial and business management. He is the Honorary Senior Advisor to a HKUST high-tech company, Incus Company Limited.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

PRINCIPLES

Xinhua News Media Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) persistently strives to operate its business in an economic, social and environmentally sustainable manner. With “People-oriented, Integrity and Mutual Benefit” as its core value and the building of a society with harmonious ecological civilization as its mission, the Group respects the talents and creativity, focuses on enhancing the social and human care on the products and also the responsibility for integrity, honesty, bringing industrial matrix and navigating forward.

This year, the Group is pleased to present its Environmental, Social and Governance Report, which aims to demonstrate its efforts on sustainability developments to both internal and external stakeholders.

This report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) as set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. This report primarily highlights the Group’s major initiatives and activities implemented from 1 April 2018 to 31 March 2019. For information regarding the governance section, please refer to the Corporate Governance Report in the Company’s Annual Report.

The Group is committed to the long-term sustainability of its business, as well as providing support to environmental protection and the communities in which it operates. Quality products and services are delivered to customers, and their business is managed prudently under sound decision-making processes. Dialogue is maintained with stakeholders such as shareholders, customers, employees, suppliers, creditors, regulators and the general public. The Group seeks to balance the views and interests of these stakeholders through constructive conversation with a view to setting the course for long-term prosperity. The board of directors of the Company (the “Board”) is responsible for evaluating and determining the environmental, social and governance risks of the Group, and ensuring that relevant risk management and internal control systems are in place and operate effectively.

This report has primarily highlighted the major performance and disclosure implemented from 1 April 2018 to 31 March 2019 for the three environmental aspects and the eight social aspects. Lo’s Cleaning Services Limited (“Lo’s Cleaning”) is principally engaged in provision of cleaning and related services in Hong Kong. Siping Lo’s Environmental Technology Limited (“Siping Lo’s”) and Suihua Lo’s Environmental Technology Limited (“Suihua Lo’s”) are principally engaged in provision of medical waste treatment services in the People’s Republic of China (the “PRC”). For both environmental and social aspects, this report will focus on Lo’s Cleaning, Siping Lo’s and Suihua Lo’s which are the major operating subsidiaries of the Group.

STAKEHOLDER ENGAGEMENT

Stakeholder engagement plays a core role in the sustainability of the Group. The Group fully appreciates the needs to build both online and offline communication channels and to provide stakeholders with timely reports on strategic planning and performance of the Group in order to establish a continuing communication mechanism with the stakeholders. In addition, the Group consults the stakeholders on their recommendations and propositions to ensure its business practices can meet the expectations of the stakeholders.

The stakeholders include the shareholders, governments and regulatory bodies, employees, customers, suppliers, the society and the public. The Group discusses with the stakeholders through various channels for their expectations and relevant feedback of the Group as below:

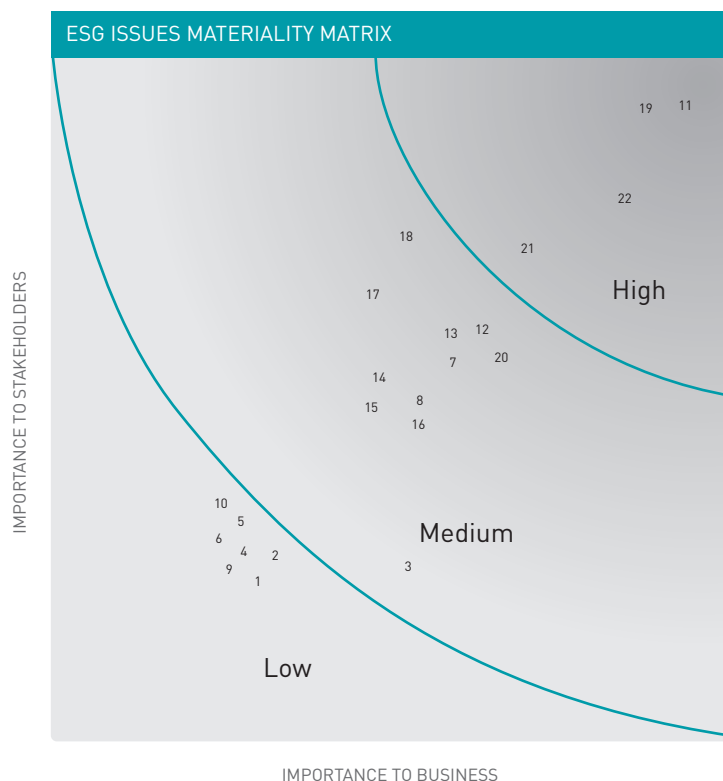
Stakeholders	Expectations	Communication and feedback
Shareholders	<ul style="list-style-type: none"> Financial results Corporate transparency Sound risk control 	<ul style="list-style-type: none"> Improving profitability Regular information disclosure Optimising risk management and internal control
Governments and regulatory bodies	<ul style="list-style-type: none"> Compliance with laws and regulations Tax payment in accordance with laws 	<ul style="list-style-type: none"> Compliance operation Tax payment in full and on time
Employees	<ul style="list-style-type: none"> Career development platform Salary and benefits Safe working environment 	<ul style="list-style-type: none"> Promotion mechanism Competitive salary and employee benefits Providing trainings for employees and strengthen their safety awareness
Customers	<ul style="list-style-type: none"> Customer information security Customer rights and interests protection 	<ul style="list-style-type: none"> Customer privacy protection Compliance marketing
Suppliers	<ul style="list-style-type: none"> Integrity cooperation Business ethics and credibility 	<ul style="list-style-type: none"> Building a responsible supply chain Performing the contract according to law
Society and the public	<ul style="list-style-type: none"> Environmental protection Employment opportunities 	<ul style="list-style-type: none"> Putting into use environmental protection and energy saving equipment Providing employment opportunities

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MATERIALITY ASSESSMENT

During the year ended 31 March 2019, the Company conducted a comprehensive materiality assessment. This involved conducting interviews and/or surveys with internal and external stakeholders to identify which areas have the most significant operating, environmental and social impacts towards their business.

With reference to the scopes as required under the ESG Reporting Guide and taking into consideration of the corporate business characteristics, the Company has identified and confirmed 22 issues, which cover environmental, training and development, occupational health and safety, labour standards in supply chain, corporate governance, customer privacy, anti-corruption and community investments.



Environmental issues		Social issues		Operating issues	
1.	Greenhouse gas emissions	9.	Local community engagement	17.	Economic value generated
2.	Energy consumption	10.	Community investment	18.	Corporate governance
3.	Water consumption	11.	Occupational health and safety	19.	Anti-corruption
4.	Waste	12.	Labour standards in supply chain	20.	Supply chain management
5.	Saving energy measures	13.	Training and development	21.	Customer satisfaction
6.	Use of raw materials and packaging materials	14.	Employee welfare	22.	Customer privacy
7.	Utilization of energy resources	15.	Inclusion and equal opportunities		
8.	Use of chemicals	16.	Talent attraction and retention		

A. ENVIRONMENTAL

The Group makes continuous effort in managing and monitoring waste and residue content resulted from non-incineration process. The Group evaluates the capability of existing facilities in meeting the latest environmental requirements and national standards. During the year ended 31 March 2019, the Group was not aware of any breach of any laws in relation to emissions in respect of the two main businesses, namely, cleaning business and medical waste treatment business.

As required by the government, the medical waste treatment plants and transits stations are at least 800 metres separated from the residential areas and the community. The Group also sets a comprehensive policy regarding the potential risk and leakage during the process of transportation, storage, steaming.

A1: Emissions

The cleaning business does not involve in any production activities and hence there were no emissions of pollutants to the atmosphere. However, the use of cleaning materials in form of detergents and chemical solutions will likely be producing environmentally unfriendly wastes to the environment. The Group strives to reduce the usage of these cleaning solutions and is now sourcing such cleaning solutions from suppliers who can supply environmentally friendly cleaning solutions.

The Group's two medical waste treatment plants had been operating smoothly since commencing operations. The patented medical waste treatment equipment uses steam-based technology and is environmentally friendly. From June 2017, the Group fully changed the boilers from that of coal-based to oil-based in order to reduce the emissions of pollutants into the atmosphere.

The Group's principal businesses is governed by the regulations under Environmental Protection of the People's Republic of China Prevention 《中華人民共和國環境保護法》, Control of Atmospheric Pollution 《中華人民共和國大氣污染防治法》 and Urban Drainage and Sewage Treatment Ordinance 《城市排汙與污水處理條例》. During the year ended 31 March 2019, the Group was not aware of any non-compliance with the relevant laws and regulations applicable to medical wastes treatments in the PRC and Hong Kong.

Air pollutant emissions

During the year ended 31 March 2019, nitrogen oxides ("NO_x"), Sulphur oxides ("SO_x") and respiratory suspended particles ("PM") were emitted from fuel consumption of boilers and the vehicles of the Group.

The Group holds 17 motor vehicles, which are used for the transportation of medical waste between hospitals, transit stations and the treatment plants and to the sites of serviced area of cleaning and related services. 91,329 litres of diesels and 6,537 litres of unleaded petroleum have been consumed for the reporting period.

Greenhouse Gas ("GHG") Emissions

Gaseous emissions from the use of motor vehicles:

Indicator	Unit	2019	2018
NO _x	Kg	671.1	416.8
SO _x	Kg	1.6	1.5
PM	Kg	62.6	39.9

The Group consumes electricity and diesel for the operation of medical waste treatment equipment and at the same time, greenhouse gas is also produced. During consumption of electricity and combustion of diesel, carbon dioxide ("CO₂") is produced.

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GHG emissions from operations:

Indicator	Unit	2019	2018
GHG emission (Scope 1)	Tonnes of carbon dioxide equivalent ("Tonnes of CO ₂ e")	742	990
GHG emission (Scope 2)*	Tonnes of CO ₂ e	134	157
GHG emission (Scope 3)	Tonnes of CO ₂ e	702	533
Total	Tonnes of CO ₂ e	1,578	1,680
Medical waste handled	Tonnes	2,994	3,223
GHG intensity	Tonnes of CO ₂ e/Tonnes	0.5	0.5

Scope 1: It represents the petrol, diesel oil from consumption of motor vehicles and machine.

Scope 2: It represents the electricity purchased from power suppliers.

Scope 3: It represents the paper waste disposed at landfills and water used.

* The emission factor is sourced from the China Northern Power Grid in 2017. The figures are calculated in accordance with the "Reporting Guidance on Environmental KPIs".

Environmental performance from operations:

Indicator	Unit	2019	2018
Hazardous waste produced	Tonnes	N/A (Note 1)	N/A (Note 1)
Intensity	Tonnes of wastes/ Tonnes of medical waste handled	N/A	N/A
Non-hazardous waste produced	Tonnes	2.3	2.5
Intensity	Tonnes of wastes/ Tonnes of medical waste handled	0.001	0.001

Note 1: Hazardous waste produced by the factory is minimal. Therefore, no relevant figure is quantified.

Waste management

- Exhaust gas management

Exhaust gas is produced from the steaming of medical waste. 14,069 m³ (2018:14,585 m³) of purified exhaust gas has been emitted through the ventilation system. The gas emitted met with the second level of Integrated Emission Standard of Air Pollutants of the People's Republic of China (《中華人民共和國大氣污染物綜合排放標準》GB16297-1996).

- Solid Waste management

The Group strictly complies with the Technical Specifications for Steam-based Centralized Treatment Engineering on Medical Waste of the People's Republic of China (《中華人民共和國醫療廢物高溫蒸汽集中處理工程技術規範》GB18599-2001). After treatment, the medical waste brings no harmful effects to human. The waste will be treated as daily household waste and sent to the garbage power station for the generation of power to the community. During the year ended 31 March 2019, the Group handled 2,994 tonnes (2018: 3,223 tonnes) of medical waste in total and of which 2,481 tonnes (2018: 2,428 tonnes) of medical waste has been sent to the garbage power station.

- Sewage management

During the process of steaming and disinfection, large amount of sewage is produced. The Group has its own sewage treatment plant for purifying the sewage. By applying the membrane separation technology and traditional sewage biological treatment, all emitted sewage met with the discharge standard of water pollutants for medical organization of the People's Republic of China (《中華人民共和國醫療機構水污染物排放標準》 GB18466-2005). The sewage after treatments is stored and ready for reuse. During the reporting period, the medical treatment plant recycled 925 tonnes (2018: 988 tonnes) of water after treatment.

Compliance with relevant laws and regulations

The Group is not aware of any material non-compliance with the Waste Disposal Ordinance, second level of Integrated Emission Standard of Air Pollutants of the PRC, Technical Specifications for Steam-based Centralized Treatment Engineering on Medical Waste of the PRC, Discharge standard of water pollutants for medical organization of the PRC and other applicable laws and regulations that have a significant impact on the Group relating to air and greenhouse gas emissions, discharges into water and land, generation of hazardous and non-hazardous waste during the reporting period.

No fines or non-monetary sanctions for non-compliance had been incurred during the reporting period.

A2: Use of Resources

The cleaning business of the Group uses relatively less energy and power due to the nature of such business. The water consumption, while relatively higher, is still at an overall low level. The Group strives to conserve energy and reduce water usage by encouraging the staff to be more environmentally-friendly conscious and have good manners.

The medical wastes business has a high standard of requirements in the waste discharges and as such, the Group adopts stringent internal procedures for the staff to follow when collecting and treating medical wastes, but at the same time, the Group also needs to show good habits in not being wasteful. The Group is required to follow the internal procedures when operating the equipment so as to be as efficient as possible when performing their duties.

It is the Group's policy to maintain the treatment process with an objective to reduce the energy waste during the treatment. This is the key for the Group to attribute to the environmental friendly strategies. The Group is committed to performing regular assessment in analysing data in aims for better management in the use of resources.

Water consumption

In the process of medical waste treatment and cleaning, a large amount of water is required for steaming and cleaning. The Group strives to mitigate the water consumption and improve the efficiency of all plants by replacing more eco-friendly plants such that less water is required in the process of steaming.

Paper usage

According to the Group's record, 2,310Kg (2018: 2,567kg) of papers were used for office operations during the reporting period. Therefore, the Group has established a host of paper-saving initiatives to reuse and recycle paper. This is an opportunity to enhance environmental benefits by undertaking such conservative actions. Papers have been recycled by promoting double-sided printing and the use of telecommunication and electronic media.

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Packing materials

During the process of collecting medical wastes, plastic containers are used. These plastic containers are either sharp box or general medical waste collection box. Sharp box is sealed and can only be used once. The general medical waste collection box is reused under the circumstances that the box is in good condition. During the year ended 31 March 2019, a total of 57,339 boxes (2018: 56,491 boxes) have been disposed, while over 57,000 boxes (2018: 56,000 boxes) are sharp box. The material used of the containers are in accordance with the Regulations on Special Packing, Vessel Standard and Warning Sign for Medical Waste of the People's Republic of China 《中華人民共和國醫療機構水污染物排放標準醫療廢物專用包裝物、容器標準和警示標識規定》, which does not use polyvinyl chloride ("PVC") plastic as the raw materials. Furthermore, each container on average is reused not less than 3 times.

The Group's total resources consumptions are listed as below:

Indicator	Unit	2019	2018
Energy Consumption			
Electricity consumption	kWh	188,219	210,760
Electricity consumption intensity	kWh/tonnes of medical waste handled	62.9	65.4
Water consumption	M ³	1,071	842
Water consumption intensity	M ³ /tonnes of medical waste handled	0.4	0.3
Packaging materials	Boxes	57,339	56,491
Packaging materials consumption intensity	Boxes/tonnes of medical waste handled	19.2	17.5
Diesel oil	Litre	275,572	234,841
Diesel oil consumption intensity	Litre/tonnes of medical waste handled	92	72.9
Coal	Tonnes	-	58
Handled medical waste	Tonnes	2,994	3,223
Coal consumption intensity	Tonnes/tonnes of medical waste handled	-	0.02

A3: The Environment and Natural Resources

During the year ended 31 March 2019, the Group replaced existing vehicles with eco-friendly vehicles to reduce the emissions of NO_x, SO_x and PM. Besides, the Group also acquired new non-incineration medical waste equipment to reduce the emissions of CO₂. In the future, the Group will acquire more environmental friendly machinery when making purchase decisions.

In a bid to create sustainable environmental value, the Group has implemented a set of energy-saving initiatives. Employee is required to save energy at offices or factories such as controlling the use of electric power for lighting and air-conditioning. Also, the Group focuses on daily maintenance and perseverance and implements a gaseous waste processing system in order to set up a comprehensive policy and uphold the efficient level of facilities.

The Group continuously is on the look-out for latest equipment that are environmentally-friendly and upgrade them as and when required. Staff are encouraged to pay attention to the importance of preserving the environment and that the staff should have a clear understanding of the Group's policies and procedures in this area.

B. SOCIAL

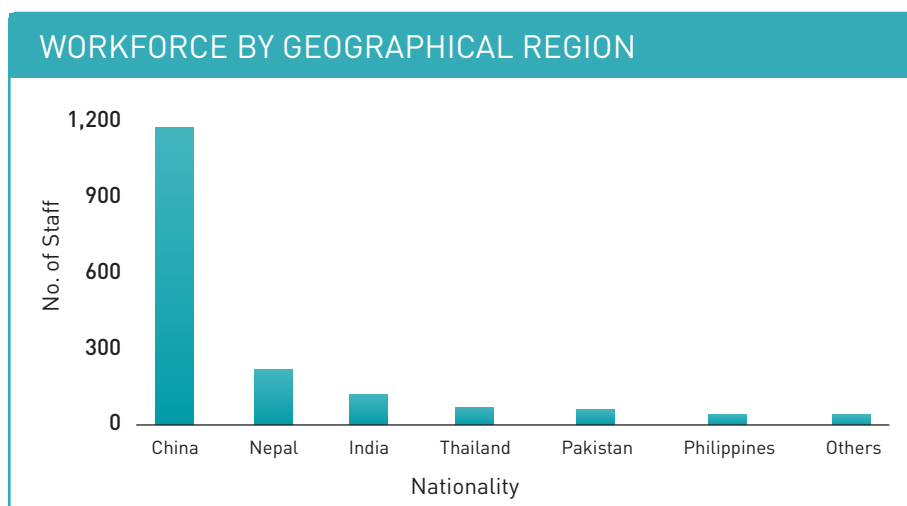
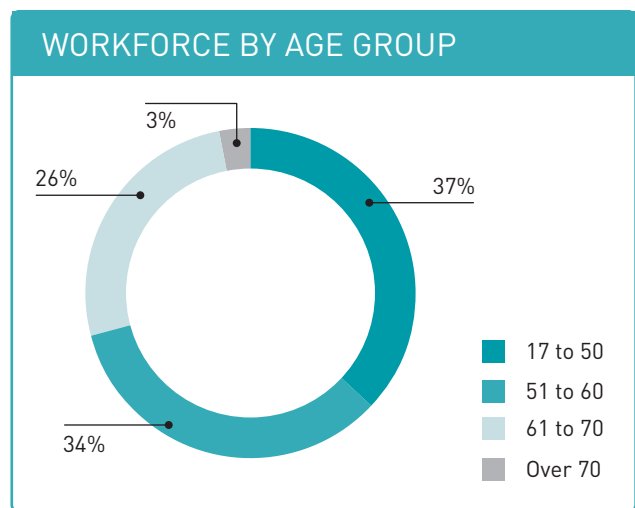
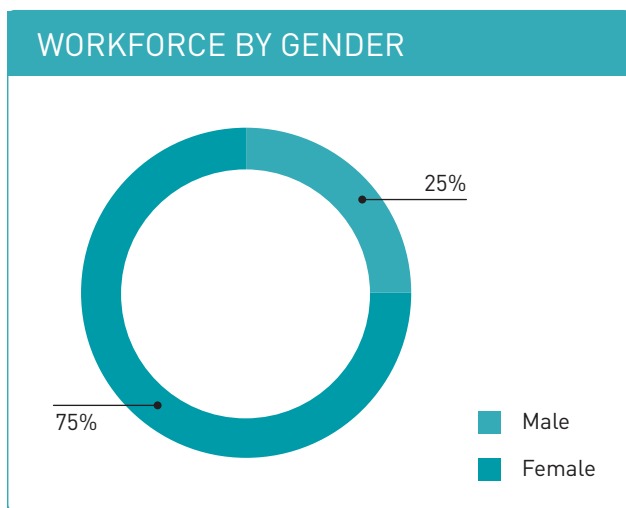
B1: Employment

Labour practices

The Group strictly adheres to the prevailing legislation and codes of practice in the employment of staff. The Group supports the principles of the international declarations in the areas of child labour, forced labour, health and safety, wages and working hours, discrimination, discipline and freedom of association. The Group strictly complies with the Employment Ordinance and Minimum Wage Ordinance of Hong Kong and the Labour Law and the Employment Contract Law of the People's Republic of China 《中華人民共和國勞動法及勞動合同法》.

During the reporting period, there was no major change in policies relating to compensation and dismissal, recruitment, and promotion, working hours, equal opportunity, diversity and anti-discrimination. Staff handbook also highlights important information of policies on business conduct and the rights of termination.

As at 31 March 2019, the Group employed 1,196 (2018: 1,240) full-time staff and 324 (2018: 364) part-time staff. The Group welcomes all age range of people who are keen to learn and participate to join the Group. The male/female composition ratio of the Group is approximately 1: 2.76 (2018: 1: 2.98).



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For the year ended 31 March 2019, the turnover rate of the Group is about 4.2% (2018: 3.8%) with 749 (2018: 718) employees, including both part-time and full-time staff. To further promote good relationship with employees and lower the turnover rate, recreational and social activities are held for employees to increase the sense of work-life balance and sense of belongings.

Equal opportunity

The workplace is also committed to be free from discrimination and received equal opportunities for all irrespective of age, gender, race, colour, sexual orientation, disability or marital status to increase employee satisfaction. The Group encourages labour diversity and welcomes all the full spectrum of the workforce, thus putting the principle of fairness into practices.

Compliance with relevant laws and regulations

The Group is not aware of any material non-compliance with the Employment Ordinance of Hong Kong and Minimum Wage Ordinance of Hong Kong, the Labour Law of the PRC 《中華人民共和國勞動法》 and the Employment Contract Law of the PRC 《中華人民共和國勞動合同法》 and other applicable laws and regulations that have a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare during the reporting period.

No non-compliance that resulted in significant fines or sanctions was identified during the reporting period.

B2: Health and Safety

Workplace health and safety

The Group implements national law and regulations and other standard related to workplace safety and occupational health. The Group has obtained the occupational health and safety management system certificates of OHSAS18001:2007 and ISO 14001:2004. Furthermore, a list of safety measures is implemented to ensure staff are working in a safe environment:

- Annual occupational health examination and body check-up are provided for all staff in PRC;
- Conduct regular safety training and refreshment courses for all staff;
- Provide all-round fall prevention equipment for staff working at height; and
- Review safety measures implemented annually to ensure that they remain relevant and appropriate to the Group.

Employees are asked to follow the safety manual and safety plan detailing the procedures and precautions stringently. To ensure employees understand the commitments, employees are constantly refreshed by the Safety and Training Manager to keep abreast of these requirements.

For the year ended 31 March 2019, the Group did not note any cases of material non-compliance in relation to health and safety laws and regulations. There was no work-related fatality. Due to the nature of the work associated with the cleaning business, work injuries to the back and limbs were common and reported the highest numbers.

Compliance with relevant laws and regulations

The Group is not aware of any material non-compliance with the Occupational Safety and Health Ordinance of Hong Kong, Law of the PRC on Work Safety 《中華人民共和國安全生產法》, Regulations on Work-Related Injury Insurance of the PRC 《中華人民共和國工傷保險條例》 and other applicable laws and regulations that have a significant impact on the Group relating to providing a safe working environment and protecting employees from occupational hazards during the reporting period.

B3: Development and Training

Employee Development and Training

The Group provides pre-employment and on-the-job training to its staff. The training covers health and safety at work, precautionary measures to be taken during inclement weather, rules and regulations for working in different worksites, proper use of tools, equipment and machines, safe handling of chemicals, grooming, customer service and code of conduct.

The Group has various training programs to fully develop its workforce. It is extremely important that safety is incorporated into the worksite orientation before the commencement of work. In addition to compulsory and optional internal training, the Group also encourages employees to attend external training programs held by government and recognized by relevant institutes, such as Vocation Training Council and Occupational Safety and Health Council.

There are several specific trainings in the PRC and Hong Kong:

- safety supervisor;
- importance and usage of personal protective equipment;
- measures of fire precaution and use of fire extinguishers;
- refresher course for licensed workers; and
- work at height for assessors and supervisors.

The managerial staff are nominated to attend forums, exhibitions and seminars organised by the professional bodies both local and overseas so that the Group has a sound grasp of the most modern technology and equipment in the industry in response to the customers' needs in a prompt, efficient, flexible and cost-effective manner.

To improve employee's knowledge and skillset, safety training in different aspects and evaluations are carried out throughout the year. During the year ended 31 March 2019, on average every staff attended five training courses held by the Group.

B4: Labour Standards

Child labour and forced labour

The Group prevents hiring child labour by conducting information verification of new employees. Without exception, during the year ended 31 March 2019, the Group is prohibited to employ any staffs who are under the legal working age for protecting young people at work.

Compliance with relevant laws and regulations

The Group is not aware of any material non-compliance with the Employment Ordinance of Hong Kong, Employment of Children Regulations of Hong Kong, Labour Law of the PRC 《中華人民共和國勞動法》, Provisions on the Prohibition of Using Child Labour of the PRC 《中華人民共和國禁止使用童工規定》, Protection of Minors of the PRC 《中華人民共和國未成年人保護法》 and other applicable laws and regulations that have a significant impact on the Group relating to preventing child or forced labour during the reporting period.

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B5: Supply Chain Management

The Group makes various procurements, such as cleaning equipment and tools and consumables and containers especially for medical waste disposal.

Under the Integrated Management System, the Group has a subcontractor management plan to control the selection and supervision of subcontractors and suppliers such that they are up to the strict requirements in safety, environmental and quality performance.

The evaluation of a subcontractor/supplier includes experience, job references, past performance, statutory licenses and certificates as may be required, financial status, integrity, social responsibility and particular skills, competencies and professionalism of the management teams.

The Group regards the subcontractors and suppliers as the Group's business partners and work closely with them to warrant that the services are conducted in a manner that meets the highest professional and ethical standard assuring a quality end-product as well as continued confidence of the customers and the public.

B6: Product Responsibility

The Group is aware of the fierce market competition and aims to provide high standard of services. Continuous improvement is the Group's culture. The Group operates an Integrated Management System which means that the Group will consider and run the operation from quality, environmental and safety perspective at the same time. The Group is in compliance with the relevant laws and regulations that relates to product responsibility during the year ended 31 March 2019.

In the design of the staff organisation for a contract, the Group keeps in mind that there should be adequate staff at all levels. This could ensure that high quality of service expected can be provided and maintained and that tools, equipment and machines and most important personal safety equipment as is necessary are provided to ensure that the staff can carry out the work in an effective, efficient and safe manner.

The Group maintains constant communications with the customers, including visit, meeting and survey to receive their suggestions, comments and complaints in connection with the services.

Surprise and random checks and appraisals are conducted to self-evaluate the performance. The Group also holds a review meeting twice a month for review of the business, sharing of opinions and racking the brains to up-grade the service standards.

Besides, comprehensive training plans are devised for the contracts to ensure that all staff members are competent in handling their work with respect to quality, environmental and OHS requirements.

The Group seeks to provide efficient and courtesy customer service to customer satisfaction and co-operation with the Group. The Group keeps customers informed of the truth about the Group's capabilities and avoid misrepresentation, exaggeration and overstatement.

The Group always puts customers first by providing them with high-quality services at fees which are fair and reasonable.

Compliance with relevant laws and regulations

The Group is not aware of any material non-compliance with the Trade Descriptions Ordinance of Hong Kong, Copyright Ordinance of Hong Kong, Law of the PRC on Product Quality 《中華人民共和國產品質量法》, Patent Law of the PRC 《中華人民共和國專利法》 and other applicable laws and regulations that have a significant impact on the Group relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress during the reporting period.

No significant fines were incurred during the reporting period.

B7: Anti-corruption

The Group believes that honesty, integrity and fair play are the important assets in business and strictly adhered to the laws relating to corruption, bribery, extortion and money-laundering etc. Code of Conduct has been prepared, under which all employees are advised that they are prohibited from offering or soliciting advantages in connection with his or her duties and with the business of the Group and that any employee soliciting or accepting an advantage without the permission of the Group commits an offence under the Prevention of Bribery Ordinance.

The Code of Conduct also states clearly that the Group shall not tolerate any illegal or unethical acts. Offenders will be subject to disciplinary action, including summary dismissal and termination of employment. In cases of suspected corruption or other forms of criminal activity, a report will be made to ICAC or appropriate authorities.

The Group shall not tolerate the use of insider information by the employee to secure personal advantage at the expense of the Group or over those not in the Group. The use of insider information which has not been made public for personal gain is illegal, unethical and strictly prohibited.

A channel for raising complain is open to all employees, so that any possible breach of the Code or unlawful or unethical conduct can be sent directly to the Senior Management for an impartial investigation.

Compliance with relevant laws and regulations

The Group is not aware of any material non-compliance with the Prevention of Bribery Ordinance of Hong Kong, Anti-Unfair Competition Law of the PRC 《中華人民共和國反不正當競爭法》 and other applicable laws and regulations that have a significant impact on the Group relating to bribery, extortion, fraud and money laundering during the reporting period.

There is no legal case concerning corruption brought against the Group or its employees during the reporting period.

B8: Community Investment

Corporate social responsibility might use to sound foreign before but now it is a must for enterprises. As a commitment to making Hong Kong a more caring and just society in good and bad times, the Group sets out the following criteria to be followed and satisfied by themselves.

During the year ended 31 March 2019, the Group participated in a volunteer work by offering free cleaning services to a Non-Government Organisation. Nevertheless, the Group also promotes the message of enhancing an inclusive society; the Group employed disabled people. As a result of the Group's devoted efforts, one of the Group's subsidiaries has been recognized as a caring company and was awarded "Caring Company 10 Years+" by The Hong Kong Council of Social Service.

The Group is committed to promoting social welfare, building a more just and caring society in collaboration with other sectors.

CORPORATE GOVERNANCE REPORT

The board of directors (the “Board”) of Xinhua News Media Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) hereby present this Corporate Governance Report in the Company’s annual report for the year ended 31 March 2019.

The Board is committed to maintaining a high corporate governance standard and procedures to safeguard the interests of the Company’s shareholders (“Shareholders”) and to enhance accountability and transparency.

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 transparency and accountability of all its operations.

Throughout the year ended 31 March 2019, the Company has complied with the principles and code provisions in the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Listing Rules, except for the following deviation:

- Pursuant to code provision A.2.1 of the CG Code, the role of chairman and chief executive officer should be separate and should not be performed by the same individual. The positions of Co-Chairman and Chief Executive Officer of the Company have been held by Mr. Chan Chun Wo since 26 February 2018. The Board believes that Mr. Chan Chun Wo has the requisite experience and knowledge and that vesting both roles in Mr. Chan would maintain efficient business operation which is in the best interest of the Group.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group’s strategic objectives, and maintaining sound and effective internal control system for the Group. The internal control and risk management systems were designed to provide reasonable, though not absolute, assurance against material misstatement or loss and to manage rather than eliminate the risk of failure to achieve business objectives.

During the year under review, the Board, through the audit committee and an independent adviser, has conducted a review of the effectiveness of the risk management and internal control systems of the Group.

In light of the Group’s size, nature and complexity of the business, management currently is of the view that the need for setting up an independent internal audit function is not significant. The need for an independent internal audit function will be reviewed from time to time. The Board was satisfied to the effectiveness of the internal control system of the Company including the adequacy of resources, qualifications and experience of staff members of the Company’s accounting and financial reporting function.

Process of Risk Management

The risk assessment has identified key risks, primarily through conducting meetings and discussion with the management of the Group and reviewing the existing documentation including policies and procedures. On the other hand, the procedures of the internal control system of the Company were reviewed through observations and enquiries, supplemented by detailed test of controls and procedures where relevant, including walkthrough test and compliance test. The walkthrough test was used to understand the key control of the relevant processes that were in place and identify internal control improvement opportunities. The compliance test was used to determine whether the internal control system was performed in accordance with the established policies and procedures and identifying non-compliance.

Main Features of Internal Control and Risk Management

Our internal control and risk management systems are designed to help the management to carry out regular management functions in order to achieve the Group's business strategies. The main features of our internal control and risk management system are maintaining regularity in appointment of directors and composition of the Board, maintaining management integrity, ensuring proper notification of connected transaction and notifiable transaction and safeguarding the Group's assets etc. These features are in place in order to help to manage the Group's risk management and internal control issues.

Inside Information

In relation to the internal control and procedures for the handling and dissemination of inside information, the Group is in compliance with the relevant parts of the SFO and Listing Rules. To ensure that all staff members in the Group are aware of requirements in handling the inside information, the Group's disclosure policy sets out guidance and procedures to make sure the inside information of the Company is disseminated to the general public in a complete, accurate and timely manner. The Board is responsible to approve the dissemination of the information.

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 "Own 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. Specific enquiry has been made to all directors of the Company (the "Directors") and all of them have confirmed that they have complied with the Own Code and the Model Code throughout the year ended 31 March 2019.

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

Corporate Governance Report

BOARD OF DIRECTORS

Composition

As at the date of this annual report, the Board comprises six Executive Directors and four Independent Non-executive Directors. The list of Directors during the year is set out in the section headed "Report of the Directors" of this annual report.

The Board includes a balanced composition of Executive Directors and Independent Non-executive Directors so that there is a strong independent element on the Board, which can effectively exercise independent judgement.

The Independent Non-executive Directors are of sufficient calibre and number for their views to carry weight. The functions of Independent Non-executive Directors include, but not limited to:

- bringing an independent judgement at Board meetings;
- taking the lead where potential conflicts of interests arise;
- serving on Board committees if invited; and
- scrutinising the Company's performance in achieving agreed corporate goals and objectives, and monitoring performance reporting.

The Board has a balance of skills and experience appropriate for the requirements of the business of the Company. The Directors' biographical information is set out in the section headed "Biographical Information of Directors and Senior Management" of this annual report.

Composition of the Board, including names of Independent Non-executive Directors of the Company, is disclosed in all corporate communications to Shareholders.

The Company has maintained on its website and on the Stock Exchange's website an updated list of its Directors identifying their role and function and whether they are Independent Non-executive Directors.

Directors have given sufficient time and attention to the affairs of the Group. All Directors, including Independent Non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Independent Non-executive Directors have been invited to serve on the different Board committees to monitor observance of corporate governance objectives, take lead where potential conflicts arise and to contribute to the development of the Company's strategy and policies.

Responsibilities and Function

The Board is responsible for the overall management and performance monitoring of the Group. Its main roles are to provide leadership and to take responsibility for decisions relating to major and significant matters on policies formulation, financial and operation performances, major acquisitions and disposals and directors' appointment. The Directors perform their duties in good faith and in the interests of the Company and its Shareholders as a whole at all times.

The day-to-day management, administration and operation of the Company are delegated to the Executive Directors and senior management of the Company within the control and authority framework set by the Board. The delegated functions and work tasks are periodically reviewed by the Board. The Board has the full support of the management of the Company to discharge its responsibilities. Information and updates of the Company's performance and position are given to all Directors in a timely manner to enable the Directors to discharge their duties. In addition, the Board has also delegated various responsibilities to the audit committee, the remuneration committee, the nomination committee, the strategy and development committee and the corporate governance committee. Further details of these committees are set out in this annual report.

Responsibilities and Function (continued)

All Directors have full and timely access to all relevant and available information as well as the advice and services of the Company Secretary and management of the Company with a view to ensuring compliance with Board procedures and all applicable laws and regulations. Any Director may request independent professional advice in appropriate circumstances at the Company's expense, upon reasonable request made to the Board.

Change in Directors' information

Pursuant to the relevant requirements under the Listing Rules, changes in the composition of the Board and Board committees during the year ended 31 March 2019 and up to the date of this annual report were as follows:

- Mr. Li Bing resigned as an Executive Director of the Company, and ceased to act as a member of each of the executive committee, strategy and development committee and corporate governance committee of the Company, with effect from 1 June 2019.
- Ms. Lee Suen was re-designated from an Independent Non-Executive Director to Executive Director, and ceased to act as a member of audit committee of the Company but remains as a member of each of the remuneration committee and nomination committee of the Company on 1 June 2019.
- Mr. Wang Chunping was appointed as an Independent Non-executive Director of the Company and a member of each of the audit committee, strategy and development committee and corporate governance committee of the Company on 1 June 2019.

Chairman and Chief Executive Officer

Mr. Lo Kou Hong and Mr. Chan Chun Wo act as Co-chairmen of the Board and each has assumed the roles of chairman of the respective cleaning and related services business and advertising media business which they are responsible for. Mr. Chan Chun Wo was also appointed to act as the Chief Executive Officer of the Company for better coordination of different business segments at overall command.

The Board considers the arrangement is appropriate to the Group's dual core business and allows for more effective and efficient business planning and decisions as well as execution of long-term business strategies.

Appointment, Re-election and Removal of Directors

Appointment of new Directors is a matter for consideration by the nomination committee. The nomination committee will evaluate, select and recommend candidate(s) for directorship to the Board on the appointments and re-appointments of Directors. The Board adopted a Nomination Policy in May 2019 which sets out the selection criteria and process to guide the nomination committee and the Board in relation to nomination and appointment of director(s) of the Company.

According to the Company's Articles of Association, all Directors are subject to retirement by rotation at least once every three years and are eligible for re-election at the annual general meetings of the Company. Any new Director appointed by the Board to fill a casual vacancy or as an addition to the Board shall hold office only until the next following annual general meeting of the Company after appointment and shall then be eligible for re-election at that meeting.

All Directors have entered into service agreements with the Company for a term of not more than three years.

Corporate Governance Report

Directors' Training and Continuous Professional Development

Each newly appointed Director is provided with necessary induction and information to ensure that he has a proper understanding of the Company's operations and businesses as well as his responsibilities and obligations of a director of a listed company under the relevant statutes, laws, rules and regulations.

The Directors are encouraged to keep themselves updated on the latest development of the Listing Rules and other applicable statutory requirements to ensure compliance and upkeep of good corporate governance practice. The Directors understand the need to continue developing and refreshing their knowledge and skills for contribution to the Company.

Under Code Provision A.6.5 of the CG Code, Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. All Directors have provided to the Company their records of training received during the year ended 31 March 2019, a summary of which is as follows:

Name of Directors	Training on regulatory updates or other relevant topics in relation to the Company's business
Executive Directors	
Lou Kou Hong	✓
Chan Chun Wo	✓
David Wei Ji	✓
Huang Wen Kai	✓
Chen Ming	✓
Li Bing (resigned on 1 June 2019)	✓
Independent Non-executive Directors	
Wang Qi	✓
Tsang Chi Hon	✓
Ho Hin Yip	✓
Lee Suen (re-designated to Executive Director on 1 June 2019)	✓

BOARD MEETINGS

Board Practices and Conduct of Meetings

The Directors met regularly as and when required by business needs. At least four Board meetings were held every year. Schedules for Board meetings are normally agreed with the Directors in advance in order to facilitate them to attend. Directors may participate in meetings in person or through electronic means of communication. At all times reasonable notice are given to enable all Directors to attend board meetings and to include matters for discussion in the agenda as they think fit.

Draft agenda of each meeting is normally made available to Directors in advance. In addition, board papers together with all appropriate, complete and reliable information are sent to all Directors as soon as practicable before each Board meeting or committee meeting to keep the Directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each Director also have separate and independent access to the management of the Company whenever necessary.

Generally, 14 days' notice of a regular Board meeting should be given and the Company aims at giving reasonable notice for all other Board meetings. The Company Secretary is responsible to keep minutes of all Board meetings and committee meetings and assists the chairman in drawing up the agenda of each meeting and each Director may request inclusion of matters in the agenda. Minutes are recorded in sufficient detail regarding the matters considered by the Board and the Board committees meetings are kept by the Company Secretary and are open for Directors' inspection.

All Directors have access to the Company Secretary who is responsible for ensuring the Board procedures are complied with and all applicable rules and regulations are followed.

The Company's Articles of Association contain provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest. According to current Board practice, any material transaction, which involves a conflict of interests for a substantial shareholder or a Director, shall be considered and dealt with by the Board at a duly convened Board meeting.

Access to Information

The Directors may seek independent professional advice in appropriate circumstances, at the Company's expenses. The Company will, upon request, provide professional advice to Directors to assist the relevant Directors to discharge their duties to the Company.

The Board is supplied with relevant information by the management pertaining to matters to be brought before the Board for decision as well as reports relating to operational and financial performance of the Group before each Board meeting. Where any Director requires more information than is volunteered by the management, each Director has the right to separately and independently access to the Company's management to make further enquiries if necessary.

Independent Non-executive Directors

Pursuant to Rule 3.10 and 3.10A of the Listing Rules during the year, the Company has four Independent Non-executive Directors representing at least one-third of the Board and at least one of the Independent Non-executive Directors has appropriate professional qualifications or accounting or related financial management expertise.

The Company has received from each of its Independent Non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and the Company considers that all of the Independent Non-executive Directors are independent.

Corporate Governance Report

Attendance Records

The attendance record at the Board and its committee meetings in year ended 31 March 2019 demonstrates Directors' strong commitment to the Company. During the financial year ended 31 March 2019, the Directors have made active contribution to the affairs of the Group and a total of eleven Board meetings were held to, among other things, review and approve the interim results and the final results of the Group. Directors have devoted sufficient time and attention to performing their duties and responsibilities towards the Group.

All Directors have access to the advice and services of the Company Secretary. The Company Secretary is responsible for ensuring that Board procedures are followed and for facilitating information flows and communications among Directors as well as with Shareholders and management.

The number of Board and general meetings held and attendance by Directors at each Board meeting and general meeting during the year ended 31 March 2019 are set out below:

	Board Meetings attended	General Meeting attended
Executive Directors		
Mr. Lo Kou Hong (<i>Co-chairman</i>)	10/11	1/1
Mr. Chan Chun Wo (<i>Co-chairman and Chief Executive Officer</i>)	11/11	1/1
Mr. David Wei Ji	11/11	1/1
Mr. Huang Wen Kai	11/11	1/1
Ms. Chen Ming	11/11	1/1
Mr. Li Bing (resigned on 1 June 2019)	10/11	1/1
Independent Non-executive Directors		
Mr. Wang Qi	10/11	1/1
Mr. Tsang Chi Hon	11/11	1/1
Mr. Ho Hin Yip	11/11	1/1
Ms. Lee Suen (Note 1)	10/11	1/1

Note:

(1) Ms. Lee Suen was re-designated from Independent Non-executive Director to Executive Director on 1 June 2019.

BOARD COMMITTEES

The Board has established six Board Committees, namely, remuneration committee, audit committee, nomination committee, corporate governance committee, executive committee and strategy and development committee, for overseeing particular aspects of the Company's affairs and assisting in the execution of the Board's responsibilities. All Board committees except the executive committee have defined written terms of reference. To assist the Board committees to perform their responsibilities, sufficient resources are provided and independent advice is also available on request at the Company's expenses.

1. Remuneration Committee

During the year, the remuneration committee comprises four Independent Non-executive Directors, namely, Mr. Wang Qi, Mr. Tsang Chi Hon, Mr. Ho Hin Yip and Ms. Lee Suen. The terms of reference of the remuneration committee are posted on the websites of the Stock Exchange and the Company respectively.

The duties of the remuneration committee include, amongst other things:

- make recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- determine, with delegated responsibility from the Board, the remuneration packages of individual Executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board of the remuneration of Independent Non-executive Directors. The committee shall consider salaries paid by comparable companies, time commitment and responsibilities, and employment conditions elsewhere in the group;
- review and approve compensation payable to Executive Directors for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive for the Company;
- review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and
- ensure that no Director or any of his associates is involved in deciding his own remuneration.

The Company may consult the Chairman/Co-Chairmen of the Board and/or the Chief Executive Officer of the Company about their remuneration proposals for other executive directors. The remuneration committee may seek independent professional advice to perform its responsibilities if it considers necessary.

During the year, two remuneration committee meetings were held and attendance were as follows:

	Meetings attended
Mr. Tsang Chi Hon (<i>Chairman of the remuneration committee</i>)	2/2
Mr. Wang Qi	2/2
Mr. Ho Hin Yip	2/2
Ms. Lee Suen	2/2

The major works performed by the remuneration committee during the year included, amongst other things, the following:

- reviewing the effectiveness of the Company's remuneration policy and structure for all Directors and senior management;
- reviewing the remuneration package for directors; and
- considering and approving the terms of service agreement of each of the directors.

Corporate Governance Report

2. Audit Committee

During the year, the audit committee comprises four Independent Non-executive Directors, namely, Mr. Wang Qi, Mr. Tsang Chi Hon, Mr. Ho Hin Yip and Ms. Lee Suen. The chairman of the audit committee is Mr. Tsang Chi Hon who possesses the appropriate professional qualifications on accounting or related financial management expertise. None of the members of the audit committee is a former partner of the Company's existing external auditors. The terms of reference of the audit committee are posted on the websites of the Stock Exchange and the Company respectively.

The duties of the audit committee include, amongst other things:

- review the financial statements and reports and consider any significant or unusual items raised by the financial officers of the Group or external auditors before submission to the Board;
- review and monitor the external auditors' independence and the effectiveness of the audit process;
- make recommendation to the Board on the appointment, re-appointment and removal of external auditors; and
- review the adequacy and effectiveness of the Company's financial reporting system, internal control system, risk management system and associated procedures.

The audit committee may seek independent professional advice to perform its responsibilities if it considers necessary.

During the year, three audit committee meetings were held and attendance were as follows:

	Meetings attended
Mr. Tsang Chi Hon (<i>Chairman of the audit committee</i>)	3/3
Mr. Wang Qi	3/3
Mr. Ho Hin Yip	3/3
Ms. Lee Suen	3/3

The major works performed by the audit committee during the year included, amongst other things, the following:

- reviewing the final results for the year ended 31 March 2018;
- reviewing the internal control systems for the year ended 31 March 2018;
- reviewing the interim results for the six months ended 30 September 2018; and
- proposing the appointment of Zhonghui ANDA CPA Limited as the new auditor of the Company.

During the year, the Board had no disagreement with the audit committee's view on the selection, appointment, resignation or dismissal of the external auditor.

3. Nomination Committee

During the year, the nomination committee consists of one of the Co-Chairmen of the Board and four Independent Non-executive Directors, namely, Mr. Chan Chun Wo, Mr. Wang Qi, Mr. Tsang Chi Hon, Mr. Ho Hin Yip and Ms. Lee Suen. The terms of reference of the nomination committee are posted on the website of the Stock Exchange and the Company respectively.

The main duties of the nomination committee include, among other things:

- review the structure, size and composition of the Board;
- make recommendations on the appointment and re-appointment of Directors and succession planning; and
- to review the diversity of Board member policy and the progress of achieving the objectives of the Board diversity policy. The terms of reference of the nomination committee has been revised to take into account the Board diversity policy. The terms of reference of the nomination committee are posted on the websites of the Stock Exchange and the Company respectively.

The nomination committee may seek independent professional advice to perform its responsibilities if it considers necessary.

Nomination Policy

The Board has adopted a Nomination Policy on 29 May 2019, the Nomination Policy sets out the approach to guide the nomination committee in relation to the evaluation, selection and recommendation of the directors of the Company. The selection criteria specified in the Nomination Policy include:

- character and integrity;
- qualifications, including experience in the relevant industries the Company's business is involved in and other professional qualifications;
- the Company's Board Diversity Policy, having considered a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, perspectives, skills, knowledge and length of service;
- commitment for responsibilities of the Board in respect of available time and relevant interest;
- contribution that the candidate(s) can potentially bring to the Board; and
- any other relevant factors as may be determined by the Nomination Committee or the Board from time to time.

The nomination committee will identify candidates in accordance with the selection criteria set out in the Nomination Policy, evaluate the candidates and recommend to the Board for the appointment of the appropriate candidate for directorship. The Board decides the appointment based upon the recommendation of the nomination committee and the Board has the final authority on determining suitable director candidate for directorship.

Board Diversity Policy

The Board has adopted the Board Diversity Policy on 30 April 2014 and revised on 10 January 2019. In designing the Board's composition, the diversity of members of the Board has been considered from a number of aspects, including but not limited to gender, age, educational background, professional experience and qualifications, relevant industry experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered and selected based on a range of diversity perspectives including but not limited to the said aspects.

Corporate Governance Report

During the year, two nomination committee meetings were held attendance were as follows:

	Meetings attended
Mr. Chan Chun Wo (<i>Chairman of the nomination committee</i>)	2/2
Mr. Wang Qi	2/2
Mr. Tsang Chi Hon	2/2
Mr. Ho Hin Yip	2/2
Ms. Lee Suen	2/2

The major works performed by the nomination committee during the year included, amongst other things, the following:

- reviewing the structure, size and composition of the board;
- accessing the independence of the Independent Non-executive Directors; and
- considering and making recommendations to the Board on the re-election of Directors at the annual general meeting.

4. Corporate Governance Committee

During the year, the corporate governance committee consists of five Executive Directors and two Independent Non-executive Directors, namely, Mr. Chan Chun Wo, Mr. David Wei Ji, Mr. Huang Wen Kai, Ms. Chen Ming, Mr. Li Bing, Mr. Tsang Chi Hon and Mr. Ho Hin Yip. The terms of reference of the corporate governance committee are posted on the websites of the Stock Exchange and the Company respectively.

The duties of the corporate governance committee include, amongst other things:

- develop, review and update the Company's policies and practices on corporate governance and make recommendation;
- review and monitor the training and continuous professional development of Directors and senior management;
- review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- develop, review and monitor the code of conduct applicable to employees and Directors; and
- review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

During the year, two corporate governance committee meetings were held and attendance were as follows:

	Meetings attended
Mr. David Wei Ji (<i>Chairman of the corporate governance committee</i>)	2/2
Mr. Chan Chun Wo	2/2
Mr. Huang Wen Kai	2/2
Ms. Chen Ming	2/2
Mr. Li Bing	2/2
Mr. Tsang Chi Hon	2/2
Mr. Ho Hin Yip	2/2

The major works performed by the corporate governance committee during the year included, amongst other things, the following:

- reviewing the environmental, social and governance report for the year ended 31 March 2018; and
- reviewing the training and continuous professional development of Directors.

5. Strategy and Development Committee

During the year, the strategy and development committee consists of five Executive Directors and one Independent Non-executive Director, namely, Mr. Chan Chun Wo, Mr. David Wei Ji, Mr. Huang Wen Kai, Ms. Chen Ming, Mr. Li Bing and Mr. Tsang Chi Hon. The terms of reference of the strategy and development committee are posted on the websites of the Stock Exchange and the Company respectively.

The main duties of the strategy and development committee include, among other things:

- review the documents from the senior management of the Company on issues relating to its strategies and developments (such as vision of the Company, mission of the Company, and annual strategy documents) on a regular basis and make recommendations to the Board regarding any propose changes;
- identify marketing changes and competition or make recommendations to the Board on issues relating to the Company's strategies and developments, such as Company's market positions, pricing strategic, new markets and strategic partnerships;
- make recommendations to the Board on matters relating to the Company's strategies; and
- all such other responsibilities and powers as may be delegated by the Board from time to time.

During the year, one strategy and development committee meeting was held and attendance was as follows:

	Meeting attended
Mr. Chan Chun Wo (<i>Chairman of the strategy and development committee</i>)	1/1
Mr. David Wei Ji	1/1
Mr. Huang Wen Kai	1/1
Ms. Chen Ming	1/1
Mr. Li Bing	1/1
Mr. Tsang Chi Hon	1/1

6. Executive Committee

During the year, the executive committee consists of five Executive Directors and one Independent Non-executive Director, namely, Mr. Chan Chun Wo, Mr. David Wei Ji, Mr. Huang Wei Kai, Ms. Chen Ming, Mr. Li Bing and Mr. Tsang Chi Hon.

The executive committee operates as a general management committee under the direct authority of the Board to increase the efficiency for the business decision.

During the year ended 31 March 2019, the executive committee did not hold any meeting.

RESPONSIBILITIES FOR FINANCIAL REPORTING

The Directors have acknowledged their responsibilities for preparing the financial statements of the Company for the year ended 31 March 2019 which were prepared in accordance with statutory requirements and applicable accounting standards and were prepared to reflect the true and fair view of the state of affairs, results and cash flows of the Group and in compliance with relevant law and disclosure provisions of the Listing Rules. In preparing the financial statements for the year ended 31 March 2019, the Directors made judgments and estimated that are prudent and reasonable, and have prepared the financial statements on a going concern basis. The Directors also ensure that the financial statements of the Group are published in a timely manner. The reporting responsibilities of the auditors on the financial statements are set out in the section headed "Independent Auditors' Report" of this annual report.

The Board is not aware of any material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

Corporate Governance Report

AUDITORS' REMUNERATION

During the year, services provided to the Company by its external auditor and the respective fees paid were:

Services rendered	Fee paid/ payable HK\$'000
Audit of financial statements	700
Other non-audit services	220
	920

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and enabling investors to understand of the Group's business performance and strategies. The Company also recognises the importance of transparency and timely disclosure of corporate information, which will enable Shareholders and investors to make the best investment decisions.

To promote effective communication, the Company maintains a website at "www.XHNmedia.com" as a communication platform with Shareholders and investors, where extensive information and updates on the Group's financial information, corporate governance practices and other information are available for public access such as annual reports, interim reports to Shareholders, announcements and corporate governance practices are available for review. Shareholders and investors may write directly to the Company at its principal place of business in Hong Kong for any inquiries. Inquiries are dealt with in an informative and timely manner.

Where announcements are made through the Stock Exchange, the same information will be made available on the Company's website.

The Company continues to enhance communication and relationship with Shareholders and investors. Designated management of the Company maintains regular dialogue with institutional investors and analysts to keep them informed of the Group's developments.

The Board welcomes views of Shareholders and encourages them to attend general meetings to raise any concerns they might have with the Board or the management of the Company directly. The Co-chairmen of the Board as well as the Chairmen and/or other members of the Board committees will normally attend the annual general meetings and other Shareholders' meetings of the Company to answer questions raised.

DIVIDEND POLICY

The Company considers stable and sustainable returns to the shareholders of the Company to be our goal and adopted the Dividend Policy on 10 January 2019. According to the Dividend Policy, in deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account, inter alia: –

- (a) The financial performance of the Group;
- (b) The Group's actual and future operations and liquidity position;
- (c) The Group's expected working capital requirements, capital expenditure requirements and future expansion plans;
- (d) The retained earnings and distributable reserves of the Company and each of the members of the Group;
- (e) The general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Company; and
- (f) Any other factors that the Board deems appropriate.

Declaration of dividend by the Company is also subject to any restrictions under the laws of the Cayman Islands, the articles of association of the Company and any applicable laws, rules and regulations.

The Dividend Policy shall be reviewed from time to time. There can be no assurance that a dividend will be proposed or declared in any given period.

GENERAL MEETINGS WITH SHAREHOLDERS

The annual general meeting of the Company (the "AGM") provides a useful forum for Shareholders to exchange views with the Board. The Company's Directors (including Independent Non-executive Directors) are available at the AGM to answer questions from Shareholders about the business and performance of the Company. In addition, the Company's external auditor is also invited to attend the AGM to answer questions about the conduct of the audit, and the preparation and contents of the auditor's report. Separate resolutions are proposed at general meetings for each substantial issue. An explanation of the detailed procedures of conducting poll was provided to Shareholders at the AGM, to ensure that Shareholders are familiar with such procedures.

Corporate Governance Report

SHAREHOLDERS' RIGHTS

Convene a General Meeting

In accordance with the Company's Articles of Association, general meetings shall be convened on the written requisition of any two or more members of the Company deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionists, provided that such requisitionists held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. General meetings may also be convened on the written requisition of any one member of the Company which is a recognised clearing house (or its nominee) deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionist, provided that such requisitionist held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company.

If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

The notice period to be given to all the registered shareholders for consideration of the proposal raised by the requisitionist(s) concerned at the EGM varies according to the nature of the proposal as set out in the Company's Articles of Association.

Put Forward Proposals at Shareholders' Meetings

To put forward proposals at a general meeting of the Company, a shareholder should lodge a written request, duly signed by the shareholder concerned, setting out the proposals at the Company's principal office in Hong Kong for the attention of the Board and the Company Secretary of the Company. The request will be verified with the Company's branch share registrars in Hong Kong and upon their confirmation that the request is proper and in order, the Company Secretary of the Company will pass the request to the Board. Whether a proposal will be put to a general meeting will be decided by the Board in its discretion, unless the proposal put forward by a shareholder is (i) pursuant to a requisition by a shareholder to convene a general meeting referred to above or (ii) forms part of ordinary business to be considered at an annual general meeting as described in the Company's Articles of Association of the Company.

The procedures for shareholders of the Company to propose a person for election as director is available on the Company's website.

Shareholders' enquiries

Specific enquiries or suggestions by shareholders can be sent in writing to the Board or the Company Secretary at our principal office in Hong Kong. In addition, shareholders can contact Tricor Tengis Limited, the share registrar of the Company, if they have any enquiries about their shareholdings and entitlement to attending of the general meeting or dividend. Relevant contact details are set out on page 3 of this annual report

COMPANY SECRETARY

The Company Secretary supports the Board by ensuring good information flow within the Board and that board policy and procedures are followed. The Company Secretary is also responsible for advising the Board through the Chairman/Co-Chairmen and/or the Chief Executive Officer of the Company on corporate governance and the implementation of the CG Code. The Company Secretary is an employee of the Company and has day-to-day knowledge of the Group's affairs.

The Company Secretary reports to the Chairman/Co-Chairmen and the Chief Executive Officer. All Directors also have access to the advice and services of the Company Secretary to ensure that board procedures, and all applicable laws, rules and regulations, are followed. The selection, appointment and dismissal of the Company Secretary is subject to the Board approval.

The Company Secretary has confirmed that he has taken no less than 15 hours of relevant professional training during the year.

CONSTITUTIONAL DOCUMENTS

There was no change in the Company's constitutional documents during the year.

REPORT OF THE DIRECTORS

The Board is pleased to present this Report of the Directors and the audited financial statements of the Group for the year ended 31 March 2019.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Group is organised into business units based on their products and services and has four 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;
- (c) the medical waste treatment segment engages in the provision of non-incineration medical waste handling services for hospitals; and
- (d) the waste treatment business segment engages in the provision of organic waste treatment and sale of the by-products produced.

The Board remains dedicated to maximizing returns to shareholders by actively pursuing new business opportunities, refining and expanding the current business scopes. As stated in the Co-Chairman's Statement, in the future the Board considers to:

1. develop new business opportunities in properties investment business; and
2. develop new business opportunities in technology, media and telecommunication ("TMT").

Further discussion and analysis of these activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including a description of the principal risks and uncertainties facing the Group and an indication of likely future development in the Group's business, can be found in the section headed "Management Discussion and Analysis" set out on pages 6 to 10 of this annual report. This discussion forms part of this directors' report.

For more details regarding the Group's performance by reference to environmental and social-related policies, as well as compliance with relevant laws and regulations that have a significant impact on the Group's business and operation can be found in the section headed "Environmental, Social and Governance Report" set out on pages 14 to 25 of this annual report.

RESULTS AND DIVIDENDS

The Group's results for the year ended 31 March 2019 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 56 to 117.

The Directors of the Company (the "Directors") did not recommend the payment of any dividend for the year (2018: Nil).

SUMMARY FINANCIAL INFORMATION

A summary of the results and assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial statements and restated/reclassified as appropriate, is set out on page 118. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in Note 15 to the financial statements.

SHARE CAPITAL, SHARE OPTIONS AND WARRANTS

Details of movements in the Company's share capital, share options and warrants during the year are set out in Notes 29 and 30 to the financial statements.

ISSUE OF SHARES

During the year, the Company issued shares, details of which is set out as follows:

- a. On 7 June 2018, the Company and Prudential Brokerage Limited entered into a placing agreement in respect of the placement of 162,909,090 ordinary shares of HK\$0.01 each to independent investors at a price of HK\$0.275 per share, in order to raise additional capital for the Group to invest and develop advertisement media business and to broaden its shareholders' base. The placement was completed on 26 July 2018 and the premium on the issue of shares, amounting to approximately HK\$42,570,000, was credited to the Company's share premium account.
- b. On 21 September 2018, the Group entered into agreement with Mr. Gao Xixi and Xiwen Corporation Limited (collectively referred to herein as "Vendors"), pursuant to which the Group has conditionally agreed to purchase, and the Vendors have conditionally agreed to sell 100% shares of Dawen Corporation Limited (the "Acquisition of Dawen"). Dawen Corporation Limited holds the scripts of the dramas together with the Intellectual Property Rights and other relevant rights. The said scripts of the dramas was controlled by, respectfully, Mr. Gao Xixi, who is a nationally reputable Chinese director and producer in the PRC. The Board considered the said Acquisition of Dawen would enhance the Company's businesses, and to open up avenues to new opportunities, which eventually create potential value to the Shareholders. The completion of the Acquisition of Dawen took place on 20 March 2019 whereby 66,666,666 shares with an aggregate fair value of approximately HK\$13,333,000 were allotted and issued to the Vendors. The share capital of the Company was increased by approximately HK\$667,000 and an amount of approximately HK\$12,666,000 was credited to the Company's share premium account.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association or the laws of the Cayman Islands, being the jurisdiction in which the Company is incorporated, which would oblige the Company to offer new shares on a pro rata basis to its existing shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 March 2019.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in Note 31 to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

As at 31 March 2019, the Company had no reserves available for distribution. The Company's share premium account, in the amount of HK\$547,397,000, may be distributed in the form of fully paid bonus shares.

Report of the Directors

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for approximately 67% of the total sales for the year, and sales to the largest customer included therein amounted to approximately 24%.

Purchases from the Group's five largest suppliers accounted for approximately 61% of the total purchases for the year and purchases from the largest supplier included therein amounted to approximately 16%.

None of the Directors or any of their associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or suppliers.

DIRECTORS

The Directors during the year and up to the date of this report were:

Executive directors:

Lo Kou Hong (*Co-chairman*)

Chan Chun Wo (*Co-chairman and Chief Executive Officer*)

David Wei Ji

Huang Wen Kai

Chen Ming

Li Bing (resigned on 1 June 2019)

Lee Suen (re-designated from Independent non-executive Director to Executive Director on 1 June 2019)

Independent non-executive directors:

Wang Qi

Tsang Chi Hon

Ho Hin Yip

Wang Chunping (appointed on 1 June 2019)

Biographical details of the Directors are set out on pages 11 to 13 of the annual report.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received a confirmation of independence from each Independent Non-executive Director, namely Mr. Wang Qi, Mr. Tsang Chi Hon, Mr. Ho Hin Yip and Mr. Wang Chunping, and considers them as being independent.

DIRECTORS' SERVICE AGREEMENTS

All the Directors have entered into services agreements with the Company for a term of three years and to continue thereafter until terminated by a three months' notice in writing served by either party on the other without payment of compensation.

None of the Directors being proposed for re-election at the forthcoming annual general meeting has a service agreement with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

Directors' remuneration is determined by the Remuneration Committee and the Board with reference to Directors' duties, responsibilities, performance and the results of the Group. Details of the remuneration of the Directors are set out in Note 11 to the financial statements.

PERMITTED INDEMNITY PROVISION

According to the Company's Articles of Association, it provides that the Directors shall be entitled to be indemnified out of the assets of the Company against all losses or liability incurred or sustained by him as a Director in depending any proceedings whether civil or criminal, in which judgment is give in favour, or in which he is acquitted.

DIRECTORS' INTERESTS IN CONTRACTS

No contract of significance, to which the Company, its holding companies, fellow subsidiaries or subsidiaries was a party and in which a director of the Company had a material interest subsisted during the year ended 31 March 2019.

CONTRACT OF SIGNIFICANT

There is no contract of significance between the Company and any of its subsidiaries, and a controlling shareholder or any of its subsidiaries.

MANAGEMENT CONTRACT

Other than the service contracts of the Directors as stated above in the section headed "Directors' Service Agreements", the Company has not entered into any agreement with any individual, firm or body corporate to manage or administer the whole or any substantial part of any business of the Company.

INTEREST IN COMPETITORS

As far as the Directors are aware, none of the Directors or their associates had any interest in a business that competes or may compete with the business of the Group.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the sections headed "Directors' interests in the shares and underlying shares of the Company and its associated corporations" and "Share option scheme" below, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

Report of the Directors

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

As at 31 March 2019, the interests of the Directors in 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 the Securities and Futures Ordinance (the "SFO"); or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

A.(1) Interests in shares of the Company

Name of director	Long/short position	Capacity	Number of ordinary shares	Percentage* of the Company's issued share capital
Mr. Lo Kou Hong	Long	Beneficial owner	53,674,000	3.20%
	Long	Interest of spouse	2,105,000 (Note (1))	0.13%
Mr. Chan Chun Wo	Long	Beneficial owner	5,000,000	0.30%
Mr. David Wei Ji	Long	Beneficial owner	13,674,000	0.82%
Ms. Chen Ming	Long	Interest held by a controlled corporation	202,596,000	12.09%
Mr. Wang Qi	Long	Beneficial owner	1,367,000	0.08%

Notes:

(1) Mr. Lo Kou Hong was deemed to be interest in the 2,105,000 shares of the Company through interest of the spouse, Ms. Ko Lok Ping, Maria Genoveffa, who personally and beneficially owned such 2,105,000 shares of the Company.

* The percentage is calculated based on the total number of issued shares of the Company as at 31 March 2019, which was 1,675,869,796 ordinary shares.

B.(1) Associated corporation – Peixin, a 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 Kou Hong	Long	Interest held by a controlled corporation	42 shares (Note)	30%

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

* The percentage represents the number of ordinary shares interested divided by the number of Peixin's issued shares as at 31 March 2019.

B.(2) Associated corporation – Shuyang ITAD, a 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 Kou Hong	Long	Interest held by a controlled corporation	RMB62,500,000 (Note)	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 Kou Hong and Ms. Ko Lok Ping, Maria Genoveffa in equal shares. Such 42 shares in Peixin represent 30% of the entire issued share capital on Peixin. As such, Mr. Lo Kou Hong and Ms. Ko Lok Ping, Maria Genoveffa were deemed to be interested in such registered capital pursuant to Part XV of the SFO.

* The percentage represents the amount of registered capital interested divided by the total amount of Shuyang ITAD's registered capital as at 31 March 2019.

In addition to the above, as at 31 March 2019, Mr. Lo Kou Hong held one 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 31 March 2019, 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 year ended 31 March 2019.

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

As at 31 March 2019, the following persons (other than the Directors) had interests of 5% or more in the issued shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

(1) Interests in shares of the Company

Name of substantial shareholder	Long/short position	Capacity	Number of ordinary shares	Percentage* of the Company's issued share capital
Zheng Xiandeng	Long	Beneficial owner	214,681,040	12.81%
Symphony Investments Holdings Limited (Note 1)	Long	Beneficial owner	202,596,000	12.09%
WKI Partners Holdings Limited (Note 2)	Long	Beneficial owner	179,315,000	10.70%

Notes:

- (1) Symphony Investments Holdings Limited is wholly owned by Ms. Chen Ming, an executive director of the Company. Accordingly, Ms. Chen Ming is deemed to be interested in such Shares under Part XV of the SFO.
- (2) 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.

* The percentage is calculated based on the total number of issued shares of the Company as at 31 March 2019, which was 1,675,869,796 ordinary shares.

Report of the Directors

SHARE OPTION SCHEME

The 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 and shall be valid and effective for a period of 10 years up to 24 September 2025.

The maximum number of shares which may be issued upon exercise of all options which may be granted at any time under this Share Option Scheme together with options which may be granted under any other share option schemes for the time being of the Company shall not exceed 10% of the issued share capital of the Company as at the date of approval of the Share Option Scheme ("Scheme Mandate Limit"). The Scheme Mandate Limit may be refreshed by the shareholders in general meeting in accordance with the rules of the Share Option Scheme.

The Scheme Mandate Limit was refreshed by the shareholders at the annual general meeting of the Company held on 27 September 2018. The maximum number of shares which can be issued upon the exercise of all the share options to be granted under the refreshed Scheme Mandate Limit shall be 160,920,313 shares, representing 10% of a total of 1,609,203,130 shares in issue as at the date of approval of the refreshment of Scheme Mandate Limit. For details, please refer to the supplementary circular to the annual general meeting of the Company dated 4 September 2018.

According to the Share Option Scheme, the Board may at its absolute discretion, offer to grant option to any participant as the Board may think fit. The amount payable on acceptance of an option is HK\$1.00. The offer of option shall be accepted by the Participants within 28 days from the date of the offer, otherwise the offer shall be deemed to have been irrevocably declined and lapsed automatically.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be notified by the Board to each Grantee but may not be exercised after the expiry of ten years from the Offer Date. The Board may impose restrictions on the exercise of an Option during the period an Option may be exercised.

For the purpose of this section, participants refers 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; any shareholder and director of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; and 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.

The subscription price in respect of any particular option shall be such price as determined by the Board in its absolute discretion at the time of the grant of the options but in any case the subscription price shall not be less than the higher of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a trading day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the 5 trading days immediately preceding the date of grant; or (iii) the nominal value of a Share.

SHARE OPTION SCHEME (continued)

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of the Company to each participant in any 12-month period must not exceed 1 per cent of the total issued share capital of the Company for the time being. Any further grant of options to a participant in excess of the abovementioned limit in any 12-month period up to and including the date of such further grant must be subject to the shareholders' approval in general meeting of the Company with such participant and his associates abstaining from voting.

Movements of the share options during the period of the year ended 31 March 2019 are listed below in accordance with chapter 17 of Main Board Listing Rules:

Categories	During the period				As at 31 March 2019	Note(s)
	As at 1 April 2018	Granted	Lapsed	Exercised/ Cancelled		
Directors						
Mr. Chan Chun Wo	-	14,462,000	-	-	14,462,000	(1)
Mr. Huang Wen Kai	-	8,677,000	-	-	8,677,000	(1)
Ms. Chen Ming	-	1,446,000	-	-	1,446,000	(1)
Mr. Li Bing*	-	8,677,000	-	-	8,677,000	(1)
Ms. Lee Suen	-	1,446,000	-	-	1,446,000	(1)
Sub-total	-	34,708,000	-	-	34,708,000	
Continuous Contracts						
Employees	-	23,232,604	-	-	23,232,604	(2)
All other eligible participants	1,367,400	-	(1,367,400)	-	-	(3)
Sub-total	1,367,400	23,232,604	(1,367,400)	-	23,232,604	
Total	1,367,400	57,940,604	(1,367,400)	-	57,940,604	

Notes:

- (1) The share options were granted and deemed to be accepted on 6 July 2018 and are exercisable at any time during the period from 6 July 2018 to 5 July 2028 (both days inclusive) and the exercise price is HK\$0.2780.
 - (2) The share options were granted and deemed to be accepted on 6 July 2018 and 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\$0.2780.
 - (3) 1,367,400 share options were lapsed during the year ended 31 March 2019.
- * Mr. Li Bing resigned on 1 June 2019 and his share options shall be lapsed at the expiration of one month from the date of cessation in accordance with the Share Option Scheme. However, the Board considered his valuable contribution during his tenure of service, offer Mr. Li to extend the share options exercise period for five years, from the date of cessation (i.e. 1 July 2019) to 30 June 2024, with exercise price of HK\$0.2780 remain unchanged.

As at the date of this report, 57,940,604 share options were outstanding under the Share Option Scheme, which were fully vested and exercisable.

Report of the Directors

RELATED PARTY TRANSACTIONS

A summary of related party transactions made during the year was disclosed on Note 33 to the financial statements. These related party transactions were connected transactions. The Company has complied with the disclosure requirements with Chapter 14A of the Listing Rules during the year.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors, as at the latest practicable date prior to the issue of this report, the Company has maintained a sufficient public float.

AUDIT COMMITTEE

The Company established an audit committee with written terms of reference in compliance with the Listing Rules. As at the date of Report of the Directors, the audit committee of the Company comprised four Independent Non-executive Directors of the Company, namely, Mr. Tsang Chi Hon (the chairman of the audit committee), Mr. Wang Qi, Mr. Ho Hin Yip and Mr. Wang Chunping. 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 2019.

CORPORATE GOVERNANCE

Details of the corporate governance practices of the Company are set out in the section headed "Corporate Governance Report" on pages 26 to 41.

EVENT AFTER REPORTING PERIOD

1. On 18 April 2019, the Company, through its indirect wholly-owned subsidiary, entered into an agreement to acquire the entire issued share capital in Fujian Jiye Property Management Co., Ltd., which indirectly owns a property named Wuyishan Zhong Sheng Hotel (武夷山中盛大酒店). Details of which are set out in the announcement of the Company dated 18 April 2019.
2. On 18 April 2019, the Company announced that the Company had initiated a motion to strike out a summons to the High Court of the Hong Kong Special Administrative Region. On 19 June 2019, the Company announced that Brave Venture Limited filed a Notice of Discontinuance with the High Court to wholly discontinue a legal action. Details of which are set out in the announcements of the Company dated 18 April 2019 and 19 June 2019.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 23 September 2019 to 26 September 2019, both days inclusive, during which period no transfer of shares will be registered. In order to qualify to attend and vote at the annual general meeting, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on 20 September 2019.

AUDITORS

On 27 September 2017, the resolution in respect of the re-appointment of HLB Hodgson Impey Cheng Limited ("HLB") was not passed by the shareholders of the Company at the annual general meeting, HLB retired as auditor of the Company with immediate effect from the conclusion of the said annual general meeting.

On 9 March 2018, the Company appointed Elite Partners CPA Limited as the auditor of the Company to fill vacancy occasioned by the retirement of HLB.

On 11 January 2019, Elite Partners CPA Limited resigned and Zhonghui ANDA CPA Limited was appointed as auditor of the Company to fill the casual vacancy caused by resignation of Elite Partners CPA Limited, until the conclusion of 2019 AGM. Save as disclosed above, there was no other changes in the Company's auditor in the past three years.

The consolidated financial statements for the year ended 31 March 2019 were audited by Zhonghui ANDA CPA Limited. A resolution for the re-appointment of Zhonghui ANDA CPA Limited as the auditor of the Company for the subsequent year is to be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

Chan Chun Wo

Co-Chairman
Hong Kong
27 June 2019

Lo Kou Hong

Co-Chairman
Hong Kong
27 June 2019

INDEPENDENT AUDITORS' REPORT



Unit 701, 7/F,
Citicorp Centre,
18 Whitfield Road,
Causeway Bay, Hong Kong

TO THE SHAREHOLDERS OF XINHUA NEWS MEDIA HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Xinhua News Media Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 56 to 117, which comprise the consolidated statement of financial position as at 31 March 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

TRADE RECEIVABLES

Refer to Note 20 to the consolidated financial statements.

The Group tested the amount of trade receivables for impairment. This impairment test is significant to our audit because the balance of trade receivables of HK\$77,253,000 as at 31 March 2019 is material to the consolidated financial statements. In addition, the Group's impairment test involves application of judgment and is based on estimates.

Our audit procedures included, among others:

- Assessing the Group's procedures on granting credit limits and credit periods to customers;
- Assessing the Group's relationship and transaction history with the customers;
- Evaluating the Group's impairment assessment;
- Assessing ageing of the debts;
- Assessing creditworthiness of the customers;
- Checking subsequent settlements from the customers; and
- Assessing the disclosure of the Group's exposure to credit risk in the consolidated financial statements.

We consider that the Group's impairment test for trade receivables is supported by the available evidence.

INTANGIBLE ASSETS

Refer to Note 16 to the consolidated financial statements.

The Group tested the amount of intangible assets for impairment. This impairment test is significant to our audit because the balance of drama scripts included in intangible assets of HK\$26,306,000 as at 31 March 2019 is material to the consolidated financial statements. In addition, the Group's impairment test involves application of judgement and is based on assumptions and estimates.

Our audit procedures included, among others:

- Assessing the identification of the related cash generating units;
- Assessing the arithmetical accuracy of the value-in-use calculations;
- Assessing the reasonableness of the key assumptions (including revenue, profit margins and discount rates); and
- Checking input data to supporting evidence.

We consider that the Group's impairment test for intangible assets is supported by the available evidence.

INVESTMENT PROPERTY

Refer to Note 17 to the consolidated financial statements.

The Group measured its investment property at fair value with the changes in fair value recognised in the consolidated profit or loss. This fair value measurement is significant to our audit because the balance of investment property of HK\$31,521,000 as at 31 March 2019 and the fair value gain of HK\$10,270,000 for the year then ended are material to the consolidated financial statements. In addition, the Group's fair value measurement involves application of judgement and is based on assumptions and estimates.

Independent Auditors' Report

INVESTMENT PROPERTY (continued)

Our audit procedures included, among others:

- Assessing the competence, independence and integrity of the external valuer engaged by client and our own engaged valuer;
- Obtaining the external valuation reports and meeting with the external valuer, with the assistance of our own engaged valuer, to discuss and challenge the valuation process, methodologies used and market evidence to support significant judgments and assumptions applied in the valuation model;
- Checking key assumptions and input data in the valuation model to supporting evidence;
- Checking arithmetical accuracy of the valuation model; and
- Assessing the disclosure of the fair value measurement in the consolidated financial statements.

We consider that the Group's fair value measurement of the investment property is supported by the available evidence.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all the information in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the HKICPA's website at: <http://www.hkicpa.org.hk/en/standards-and-regulations/standards/auditing-assurance/auditre/>. This description forms part of our auditor's report.

ZHONGHUI ANDA CPA Limited

Certified Public Accountants

Sze Lin Tang

Audit Engagement Director

Practising Certificate Number P03614

Hong Kong, 27 June 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2019

	Notes	2019 HK\$'000	2018 HK\$'000
Revenue	7	404,279	349,240
Other income and gains	8	701	2,598
Staff costs	9	(270,043)	(250,421)
Depreciation and amortisation		(4,750)	(4,840)
Reversal of impairment of trade receivables	20	-	200
Provision for impairment of other receivables	21	-	(18,690)
Other operating expenses		(147,598)	(114,571)
Fair value gain on an investment property	17	10,270	-
Finance costs	10	(31)	(54)
Share of net results of an associate	18	-	(1)
Loss before tax	9	(7,172)	(36,539)
Income tax expenses	13	(9,054)	(2,391)
Loss for the year		(16,226)	(38,930)
Other comprehensive (loss)/income, net of tax			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations:			
Exchange differences arising during the year		(617)	1,388
Total comprehensive loss for the year		(16,843)	(37,542)
(Loss)/profit for the year attributable to:			
Owners of the Company		(15,582)	(39,964)
Non-controlling interests		(644)	1,034
		(16,226)	(38,930)
Total comprehensive (loss)/income for the year attributable to:			
Owners of the Company		(15,690)	(39,304)
Non-controlling interests		(1,153)	1,762
		(16,843)	(37,542)
Loss per share attributable to owners of the Company			
Basic and diluted	14	HK\$(0.0100)	HK\$(0.0280)

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2019

	Notes	2019 HK\$'000	2018 HK\$'000
Non-current assets			
Property, plant and equipment	15	16,924	19,904
Intangible assets	16	33,508	8,706
Investment property	17	31,521	–
Investment in an associate	18	–	3
Total non-current assets		81,953	28,613
Current assets			
Inventories	19	361	332
Trade receivables	20	77,253	58,215
Prepayments, deposits and other receivables	21	10,690	28,227
Pledged time deposits	22	2,056	2,046
Cash and cash equivalents	22	70,759	44,313
Total current assets		161,119	133,133
Total assets		243,072	161,746
Current liabilities			
Trade payables	23	21,558	11,527
Other payables and accrued liabilities	24	43,304	40,210
Amount due to an associate	18	–	4
Finance lease payables	25	268	466
Other financial liability	26	12,973	–
Loans from a director	33(b)	1,167	–
Tax payable		4,994	376
Total current liabilities		84,264	52,583
Net current assets		76,855	80,550
Total assets less current liabilities		158,808	109,163

Consolidated Statement of Financial Position

At 31 March 2019

	Notes	2019 HK\$'000	2018 HK\$'000
Non-current liabilities			
Finance lease payables	25	294	562
Deferred income	27	3,633	4,147
Deferred tax liability	28	2,565	–
Loans from a director	33(b)	5,081	6,688
Total non-current liabilities		11,573	11,397
Net assets		147,235	97,766
EQUITY			
Equity attributable to owners of the Company			
Share capital	29	16,759	14,463
Reserves	31	127,998	79,672
		144,757	94,135
Non-controlling interests		2,478	3,631
Total equity		147,235	97,766

Approved by the Board on 27 June 2019 and signed on its behalf by:

Chan Chun Wo
Co-chairman

Lo Kou Hong
Co-chairman

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2019

	Attributable to owners of the Company										
	Share capital	Share premium	Capital redemption reserve	Merger reserve	Share option reserve	Contributed surplus	Accumulated losses	Exchange fluctuation reserve	Sub-Total	Non-controlling interests	Total
	HK\$'000 (Note 29)	HK\$'000 (note i)	HK\$'000 (note i)	HK\$'000 (Note 31) (note i)	HK\$'000 (Note i)	HK\$'000 (Note 31) (note i)	HK\$'000 (note i)	HK\$'000 (note i)	HK\$'000	HK\$'000	HK\$'000
At 1 April 2017	13,675	449,527	254	47,063	8,793	26,758	(458,938)	11,475	118,607	1,869	120,476
Loss for the year	-	-	-	-	-	-	(39,964)	-	(39,964)	1,034	(38,930)
Other comprehensive income for the year	-	-	-	-	-	-	-	660	660	728	1,388
Total comprehensive loss for the year	-	-	-	-	-	-	(39,964)	660	(39,304)	1,762	(37,542)
Lapsed of share options	-	-	-	-	(49)	-	49	-	-	-	-
Exercised of share options	788	22,634	-	-	(8,590)	-	-	-	14,832	-	14,832
At 31 March 2018 and 1 April 2018	14,463	492,161	254	47,063	154	26,758	(498,853)	12,135	94,135	3,631	97,766
Loss for the year	-	-	-	-	-	-	(15,582)	-	(15,582)	(644)	(16,226)
Other comprehensive loss for the year	-	-	-	-	-	-	-	(108)	(108)	(509)	(617)
Total comprehensive loss for the year	-	-	-	-	-	-	(15,582)	(108)	(15,690)	(1,153)	(16,843)
Issued of ordinary shares	2,296	55,236	-	-	-	-	-	-	57,532	-	57,532
Share-based payment	-	-	-	-	8,780	-	-	-	8,780	-	8,780
Lapsed of share options	-	-	-	-	(154)	-	154	-	-	-	-
At 31 March 2019	16,759	547,397	254	47,063	8,780	26,758	(514,281)	12,027	144,757	2,478	147,235

Note:

- (i) These reserve accounts comprise the consolidated reserves of approximately HK\$127,998,000 (2018: HK\$79,672,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2019

	Notes	2019 HK\$'000	2018 HK\$'000
Cash flows from operating activities			
Loss before tax		(7,172)	(36,539)
Adjustments for:			
Amortisation of intangible assets	16	933	946
Amortisation of deferred income	27	(243)	(445)
Depreciation	15	3,817	3,894
Equity-settled share option expense		8,780	-
Finance costs	10	31	54
Interest income	8	(194)	(1,161)
Reversal of impairment of trade receivables	20	-	(200)
Provision for impairment of other receivables	21	-	18,690
Share of net results of an associate	18	-	1
Written off of property, plant and equipment		44	98
Net gain on disposal of property, plant and equipment		(1)	(14)
Gain on dissolution of an associate		(1)	-
Fair value gain on an investment property	17	(10,270)	-
Operating loss before working capital changes		(4,276)	(14,676)
Increase in trade receivables		(40,400)	(10,994)
Decrease in prepayments, deposits and other receivables		17,060	845
Increase in inventories		(29)	(6)
Increase in trade payables		9,992	1,710
Increase in other payables and accrued liabilities		3,535	3,570
Cash used in operations		(14,118)	(19,551)
Net income tax paid		(1,460)	(3,018)
Net cash flows used in operating activities		(15,578)	(22,569)
Cash flows from investing activities			
Purchases of property, plant and equipment		(1,892)	(2,735)
Proceeds from disposal of property, plant and equipment		15	14
Interest received		194	81
Increase in pledged time deposits		(10)	(11)
Net cash flows used in investing activities		(1,693)	(2,651)

Consolidated Statement of Cash Flows

For the year ended 31 March 2019

	Notes	2019 HK\$'000	2018 HK\$'000
Cash flows from financing activities			
Capital element of finance lease payables	25	(466)	(509)
Exercise of share options		-	14,832
Interest element of finance lease payables		(31)	(54)
Proceeds from placing of new shares		44,198	-
Net cash flows generated from financing activities		43,701	14,269
Net increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year		44,313	54,746
Effect of exchange rate changes on the balance of cash held in foreign currencies		16	518
Cash and cash equivalents at the end of the year	22	70,759	44,313
Analysis of balances of cash and cash equivalents			
Cash and bank balances		48,162	34,244
Non-pledged time deposits with original maturity of less than three months when acquired		22,597	10,069
Cash and cash equivalents as stated in the consolidated statement of cash flows	22	70,759	44,313

The accompanying notes form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

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 Room 3709-13, 37/F., Cosco Tower, 183 Queen’s Road Central, 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 medical waste treatment service, the provision of waste treatment service and the provision of advertising media service.

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

2. BASIS OF PREPARATION

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

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

Judgements made by management in the application of HKFRSs that have significant effect on the consolidated financial statements and estimates with a significant risk of material adjustments in the next year are discussed in Note 5 to the consolidated financial statements.

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

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 April 2018. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRSs”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group accounting policies, presentation of the Group’s consolidated financial statements and amounts reported for the current year and prior years.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements included the financial statements of the Group and the Group's interest in associates made up to 31 March each year.

The consolidated financial statements have been prepared on the historical cost basis except for the investment property and other financial liability which have been measured at fair value.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair values of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 "Financial Instruments: Recognition and Measurement" or, when applicable, the cost on initial recognition of an investment in an associate.

Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position.

In the Company's statement of financial position, an investment in subsidiaries is stated at cost less impairment losses.

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Interest in associate

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with HKFRS 5 or when the investment is designated as at fair value through profit or loss upon initial recognition.

Under equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinued recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties

- (a) A person or a close member of that person's family, is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) the entity and the Group are joint ventures of the same third party.
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) the entity is controlled or jointly controlled by a person identified in (a).
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties (continued)

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

A transaction is considered to be a related party transaction when there is a transfer of resources and obligations between related parties.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Gain or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds on disposal and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful life at the following rates per annum:

Buildings	5%
Leasehold improvements	Over the lease terms
Furniture and equipment	14.3% – 77%
Motor vehicles	14.3% – 25%
Tools and machinery	20% – 33%

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation including properties under construction for such purposes. Investment properties include land held for undetermined future use, which is regarded as held for capital appreciation purpose.

After initial recognition, the investment property is stated at its fair value based on valuation by an external independent valuer. Gains or losses arising from changes in fair value of the investment property are recognised in profit or loss for the period in which they arise.

The gain or loss on disposal of an investment property is the difference between the net sales proceeds and the carrying amount of the property, and is recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets

Medical waste treatment

The Group recognises an intangible asset arising from a service concession arrangement when it has a right to charge for usage of the concession infrastructure. The intangible asset received as consideration for providing construction services in a service concession arrangement is measured at fair value upon initial recognition, estimated by reference to the fair value of the construction services provided.

Medical waste treatment is stated at cost less any impairment losses and amortised on the straight-line basis over its estimated useful life of twenty years. The estimated useful life of the intangible asset is the period when it is available for use to the end of the concession period.

Drama scripts

Drama scripts is stated at cost less any impairment losses and amortised over the shorter of the underlying license period and their useful life with reference to projected revenue.

Free right

Free right is stated at cost less any impairment losses and amortised on the straight-line basis over its estimated useful life of ten years.

Operating leases

The Group as lessee

Leases that do not substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

Finance leases

Leases that substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as finance leases. At the commencement of the lease term, a finance lease is capitalised at the lower of the fair value of the leased asset and the present value of the minimum lease payments, each determined at the inception of the lease.

The corresponding liability to the lessor is included in the consolidated statement of financial position as finance lease payables. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Assets under finance leases are depreciated the same as owned assets.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets except investment properties, inventories and receivables to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned, and are initially recognised at fair value, plus directly attributable transaction costs except in the case of investments at fair value through profit or loss. Transaction costs directly attributable to the acquisition of investments at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets of the Group are classified under the following categories:

- Financial assets at amortised cost

Financial assets (including trade and other receivables) are classified under this category if they satisfy both of the following conditions:

- the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

They are subsequently measured at amortised cost using the effective interest method less loss allowance for expected credit losses.

Loss allowances for expected credit losses

The Group recognises loss allowances for expected credit losses on financial assets at amortised cost. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

At the end of each reporting period, the Group measures the loss allowance for a financial instrument at an amount equal to the expected credit losses that result from all possible default events over the expected life of that financial instrument ("lifetime expected credit losses") for trade receivables, or if the credit risk on that financial instrument has increased significantly since initial recognition.

If, at the end of the reporting period, the credit risk on a financial instrument (other than trade receivables) has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to the portion of lifetime expected credit losses that represents the expected credit losses that result from default events on that financial instrument that are possible within 12 months after the reporting period.

The amount of expected credit losses or reversal to adjust the loss allowance at the end of the reporting period to the required amount is recognised in profit or loss as an impairment gain or loss.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Trade and other payables

Trade and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Contingent consideration

Contingent consideration are initially recognised and subsequently measured at fair value.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

Provisions and contingent liabilities

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefit is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before taxation" as reported in the consolidated statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and, in the case of finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation charge.

Where the Group receives a non-monetary grant, the asset and the grant are recorded at the fair value of the non-monetary asset and released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Revenue recognition

Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer with reference to the customary business practices and excludes amounts collected on behalf of third parties. For a contract where the period between the payment by the customer and the transfer of the promised product or service exceeds one year, the consideration is adjusted for the effect of a significant financing component.

The Group recognises revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. Depending on the terms of a contract and the laws that apply to that contract, a performance obligation can be satisfied over time or at a point in time. A performance obligation is satisfied over time if:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If a performance obligation is satisfied over time, revenue is recognised by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the product or service.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (Continued)

Other income

Interest income is recognised on a time-proportion basis using the effective interest method.

Share-based payments transactions

The Group issues equity-settled share-based payments to eligible participants who contribute to the success of the Group's operations. Equity-settled share-based payments are measured at the fair value (excluding the effect of non market-based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Employee benefits

Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs and involves the payment of termination benefits.

Borrowing costs

Borrowing costs are recognised as expenses in the statement of comprehensive income in the period in which they are incurred.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

These consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions are initially recorded using the functional currency rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. All differences are taken to the statement of comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of certain overseas subsidiaries are currencies other than the Hong Kong dollar. At the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates ruling at the end of the reporting period, and their statement of comprehensive incomes are translated into Hong Kong dollars at the weighted average exchange rates for the year. Exchange differences arising are recognised in the exchange reserve.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of the reporting period. Exchange differences arising are recognised in the exchange reserve.

Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's chief operating decision maker ("CODM") for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical location.

Dividends

Final dividends proposed by the Directors are classified as a separate allocation of retained earnings within the equity section of the consolidated statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the Directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the Directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

Deferred tax for investment property

For the purposes of measuring deferred tax for investment property that are measured using the fair value model, the directors have reviewed the Group's investment property portfolios and concluded that the Group's investment property are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. Therefore, in determining the Group's deferred tax for investment property, the directors have rebutted the presumption that investment property measured using the fair value model are recovered through sale.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Impairment of trade and other receivables

The Group makes impairment for trade and other receivables based on assessments of the recoverability of the receivables, including the current creditworthiness and the past collection history of each debtor. Impairment arises where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of trade and other receivables and doubtful debt expenses in the year in which such estimate has been changed.

(b) Impairment of property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets exceeds their recoverable amount. The recoverable amount is determined with reference to the present value of estimated future cash flows. Where the future cash flows are less than expected or there are unfavourable events and change in facts and circumstance which result in revision of future estimate cash flows, a material impairment loss may arise.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

(c) Property, plant and equipment/intangible assets and depreciation/amortisation

The Group determines the estimated useful lives, residual values and related depreciation and amortisation charges for the Group's property, plant and equipment and intangible assets. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment and intangible assets of similar nature and functions. The Group will revise the depreciation and amortisation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(d) Fair value of investment property

The Group appointed an independent professional valuer to assess the fair values of the investment property. In determining the fair values, the valuer has utilised a method of valuation which involves certain estimates. The directors have exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions.

(e) Fair value of other financial liability

The fair value of other financial liability that is not traded in an active market is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on relevant conditions existing at the end of each reporting period.

(f) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

6. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four 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;
- (c) the medical waste treatment business segment engages in the provision of non-incineration medical waste handling services for hospitals; and
- (d) 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 tax. The adjusted loss before tax are measured consistently with the Group's loss before tax except that interest income, share of results of an associate, share option expenses, impairment loss recognised in profit or loss in respect of other receivables, finance costs and unallocated head office and corporate expenses are excluded from such measurement.

Segment assets exclude investment in an associate as it is managed on a group basis.

Segment liabilities exclude loans from a director, amount due to an associate, finance lease payables as these liabilities are managed on a group basis.

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

6. OPERATING SEGMENT INFORMATION (continued)

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

	Cleaning and related services		Advertising media business		Medical waste treatment		Waste treatment		Total	
	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
Segment revenue:										
Service income from external customers	334,242	333,473	53,067	-	16,917	15,698	53	69	404,279	349,240
Other income and gains	85	79	4	-	418	1,282	-	76	507	1,437
Total	334,327	333,552	53,071	-	17,335	16,980	53	145	404,786	350,677
Segment results	14,610	10,586	24,121	(5,135)	3,575	(580)	(1,731)	(2,108)	40,575	2,763
Reconciliation:										
Interest income									194	1,161
Share of results of an associate									-	(1)
Share option expense									(8,780)	-
Provision for impairment of other receivables									-	(18,690)
Unallocated expenses									(39,130)	(21,718)
Finance costs									(31)	(54)
Loss before tax									(7,172)	(36,539)
Income tax expenses									(9,054)	(2,391)
Loss for the year									(16,226)	(38,930)
Segment assets	105,736	101,684	108,397	28,172	16,310	17,302	12,629	14,585	243,072	161,743
Reconciliation:										
Investment in an associate									-	3
Total assets									243,072	161,746
Segment liabilities	35,155	40,079	43,047	4,010	5,438	6,330	5,387	5,841	89,027	56,260
Reconciliation:										
Finance lease payables									562	1,028
Amount due to an associate									-	4
Loans from a director									6,248	6,688
Total liabilities									95,837	63,980
Other segment information:										
Capital expenditure (Note)	384	1,205	27,788	714	23	1,515	3	-	28,198	3,434
Depreciation and amortisation	1,502	1,522	832	936	1,299	1,250	1,117	1,132	4,750	4,840
Reversal of impairment losses recognised in profit or loss in respect of:										
Trade receivables	-	(200)	-	-	-	-	-	-	-	(200)

Note:

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

6. OPERATING SEGMENT INFORMATION (continued)

Geographical information

(a) Revenue from external customers

	2019 HK\$'000	2018 HK\$'000
Hong Kong	334,242	333,473
The People's Republic of China (the "PRC")	70,037	15,767
	404,279	349,240

(b) Non-current assets

	2019 HK\$'000	2018 HK\$'000
Hong Kong	29,352	4,729
The PRC	52,558	23,884
Macau	43	-
	81,953	28,613

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:

	2019 HK\$'000	2018 HK\$'000
Customer A	95,085	87,970
Customer B	68,396	80,556
Customer C	53,067	-

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

7. REVENUE

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

	Notes	2019 HK\$'000	2018 HK\$'000
Cleaning and related service fee income		334,242	333,473
Advertising media related service fee income		53,067	-
Medical waste treatment income		16,917	15,698
Waste treatment income		53	69
		404,279	349,240

During the year, HK\$34,768,000 of variable consideration from advertising media business is recognised when it is highly probable that a significant revenue reversal will not occur.

Disaggregation of revenue from contracts with customers:

2019

Segments	Cleaning and related services HK\$'000	Advertising media business HK\$'000	Medical waste treatment HK\$'000	Waste treatment HK\$'000	Total HK\$'000
Geographical markets					
Hong Kong	334,242	-	-	-	334,242
PRC	-	53,067	16,917	53	70,037
Total	334,242	53,067	16,917	53	404,279
Timing of revenue recognition					
At a point in time	-	50,449	-	-	50,449
Over time	334,242	2,618	16,917	53	353,830
Total	334,242	53,067	16,917	53	404,279

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

7. REVENUE (continued)

2018

Segments	Cleaning and related services HK\$'000	Advertising media business HK\$'000	Medical waste treatment HK\$'000	Waste treatment HK\$'000	Total HK\$'000
Geographical markets					
Hong Kong	333,473	–	–	–	333,473
PRC	–	–	15,698	69	15,767
Total	333,473	–	15,698	69	349,240
Timing of revenue recognition					
Over time	333,473	–	15,698	69	349,240
Total	333,473	–	15,698	69	349,240

8. OTHER INCOME AND GAINS

	Notes	2019 HK\$'000	2018 HK\$'000
Interest income		194	1,161
Amortisation of deferred income*	27	243	445
Management fee received		60	60
Sundry income		204	932
		701	2,598

* Various government grants have been received for purchase of property, plant and equipment for medical waste treatment. There are no unfulfilled conditions or contingencies relating to these subsidies.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

9. LOSS BEFORE TAX

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

	Notes	2019 HK\$'000	2018 HK\$'000
Employee benefit expenses (including directors' remuneration)			
Wages, salaries and other benefits	11	248,391	237,006
Retirement benefit scheme contributions		9,782	9,692
Equity-settled share option expenses		8,780	–
Provision for long service payments		947	1,539
Provision for untaken paid leave		2,143	2,184
Total employee benefit expenses		270,043	250,421
Cost of services rendered*		336,126	304,297
Auditors' remuneration			
– Audit service		700	770
– Non-audit service		220	–
Minimum lease payments under operating lease in respect of land and buildings		6,766	4,684
Depreciation on owned property, plant and equipment		3,302	3,426
Depreciation on leased property, plant and equipment		515	468
Gain on dissolution of an associate		(1)	–
Net gain on disposals of property, plant and equipment		(1)	(14)
Written-off of property, plant and equipment		44	98
Amortisation of intangible assets	16	933	946
Reversal of impairment of trade receivables	20	–	(200)
Provision for impairment of other receivables	21	–	18,690
Fair value gain on an investment property	17	(10,270)	–

* The cost of services rendered included an employee benefit expenses of approximately HK\$227,824,000 (2018: HK\$221,833,000) incurred in the provision of services which has been included in the employee benefit expenses above.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

10. FINANCE COSTS

	2019 HK\$'000	2018 HK\$'000
Interest on finance leases	31	54

11. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to the Listing Rules and the Hong Kong Companies Ordinance is as follows:

Name of Directors	Fees		Salaries and allowances		Equity-settled share option expenses		Retirement benefit scheme contributions		Total	
	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
Executive Directors										
Mr. Lo Kou Hong (Co-chairman)	-	-	1,635	1,578	-	-	98	95	1,733	1,673
Mr. Chan Chun Wo (Co-chairman) (Appointed on 12 February 2018)	240	32	1,964	166	2,519	-	-	-	4,723	198
Mr. Yu Guang (Resigned on 22 January 2018)	-	194	-	-	-	-	-	-	-	194
Mr. David Wei Ji	240	240	1,964	1,950	-	-	18	18	2,222	2,208
Mr. Huang Wen Kai (Appointed on 12 February 2018)	240	32	-	-	1,512	-	-	-	1,752	32
Ms. Chen Ming (Appointed on 12 February 2018)	240	32	570	-	252	-	-	-	1,062	32
Mr. Li Bing (Appointed on 12 February 2018 and resigned on 1 June 2019)	240	32	-	-	1,512	-	-	-	1,752	32
Independent Non-executive Directors										
Mr. Wang Qi	240	240	-	-	-	-	-	-	240	240
Mr. Tsang Chi Hon	480	480	-	-	-	-	-	-	480	480
Mr. Ho Hin Yip	480	480	-	-	-	-	-	-	480	480
Mr. Wong Hon Kit (Appointed on 18 September 2017 and retired on 20 October 2017)	-	16	-	-	-	-	-	-	-	16
Ms. Lee Suen (Appointed on 12 February 2018 and re-designated to executive director on 1 June 2019)	240	32	-	-	252	-	-	-	492	32
	2,640	1,810	6,133	3,694	6,047	-	116	113	14,936	5,617

No emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group, or as a compensation for loss of office during the year (2018: Nil). No directors waived or agreed to waive any remuneration during the year (2018: Nil).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

12. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included four (2018: two) Directors, details of whose remuneration are set out in Note 11 above. Details of the remuneration of the remaining one (2018: three) non-Directors highest paid employee for the year are as follows:

	2019 HK\$'000	2018 HK\$'000
Salaries and allowances	1,978	4,805
Retirement benefit scheme contributions	168	139
Share-based payments	141	-
	2,287	4,944

The number of the non-Director highest paid employees whose remuneration fell within the following band is as follows:

	Number of employees	
	2019	2018
HK\$1,000,001 to HK\$1,500,000	-	1
HK\$1,500,001 to HK\$2,000,000	-	2
HK\$2,000,001 to HK\$2,500,000	1	-
	1	3

No emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group, or as a compensation for loss of office during the year (2018: Nil). No five highest paid individuals waived or agreed to waive any remuneration during the year (2018: Nil).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

13. INCOME TAX EXPENSES

	2019 HK\$'000	2018 HK\$'000
Current tax charge for the year		
Hong Kong	1,230	896
The PRC	5,256	1,495
	6,486	2,391
Deferred tax	2,568	-
	9,054	2,391

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

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

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

Pursuant to the relevant tax law of the Hong Kong Special Administrative Region, Hong Kong profits tax has to be provided at the rate of 16.5% (2018: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

Pursuant to the approval of the tax bureau, in accordance with the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), one subsidiary is subject to the tax rate of 15% for being encourage industries at specified area. Other subsidiaries located in the PRC are subject to the PRC Enterprise Income Tax at a rate of 25% (2018: 25%) on their assessable profits.

	Macau		Hong Kong		PRC		Total	
	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
(Loss)/profit before tax	(2,439)	-	(36,415)	(35,275)	31,682	(1,264)	(7,172)	(36,539)
Tax at the applicable tax rate	(293)	-	(6,008)	(5,821)	7,922	(316)	1,621	(6,137)
Lower tax rate for specific province or enacted by local authority	-	-	-	-	(366)	-	(366)	-
Income not subject to tax	-	-	(276)	(124)	(86)	(294)	(362)	(418)
Expenses not deductible for tax	44	-	1,955	882	(166)	1,977	1,833	2,859
(Over)/under-provision in previous years	-	-	(113)	-	95	70	(18)	70
Tax losses not recognised	249	-	5,702	6,195	425	58	6,376	6,253
Tax losses utilised from previous years	-	-	-	(236)	-	-	-	(236)
One-off tax reduction	-	-	(30)	-	-	-	(30)	-
Income tax expense	-	-	1,230	896	7,824	1,495	9,054	2,391

13. INCOME TAX EXPENSES (continued)

The Group has tax losses arising in Hong Kong of approximately HK\$138,893,000 (2018: HK\$120,592,000) which are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses because in the opinion of the Directors, it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

The Group has tax losses arising in Mainland China of approximately HK\$1,975,000 (2018: HK\$18,075,000), that are available for five years for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses because it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

14. LOSS PER SHARE

Basic and diluted loss per share

The calculation of the basic and diluted loss per share amounts is based on the loss for the year attributable to owners of the Company of approximately HK\$15,582,000, (2018: HK\$39,964,000), and the weighted average number of ordinary shares of 1,559,621,063 (2018: 1,429,446,126) in issue during the year.

The diluted loss per share is the same as the basic loss per share for the year ended 31 March 2019 and 2018 because the Company's share options outstanding during these years were anti-dilutive.

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For the year ended 31 March 2019

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK\$'000	Leasehold improvements HK\$'000	Furniture and equipment HK\$'000	Motor vehicles HK\$'000	Tools and machinery HK\$'000	Total HK\$'000
Cost						
At 1 April 2017	48,899	7,195	5,972	5,080	11,750	78,896
Additions	-	2	116	2,195	1,121	3,434
Disposals	-	-	(8)	-	-	(8)
Written off	-	-	(298)	-	(355)	(653)
Exchange realignment	5,284	-	80	305	393	6,062
At 31 March 2018 and 1 April 2018	54,183	7,197	5,862	7,580	12,909	87,731
Additions	-	28	244	1,321	299	1,892
Disposals	-	-	(7)	(1,090)	(23)	(1,120)
Written off	-	-	(45)	-	(129)	(174)
Exchange realignment	(3,557)	-	(54)	(256)	(265)	(4,132)
At 31 March 2019	50,626	7,225	6,000	7,555	12,791	84,197
Accumulated depreciation and impairment						
At 1 April 2017	36,042	5,964	4,866	2,704	10,330	59,906
Charge for the year	1,128	807	420	894	645	3,894
Written back on disposals	-	-	(8)	-	-	(8)
Written off	-	-	(277)	-	(278)	(555)
Exchange realignment	3,957	-	76	164	393	4,590
At 31 March 2018 and 1 April 2018	41,127	6,771	5,077	3,762	11,090	67,827
Charge for the year	1,113	431	368	1,192	713	3,817
Written back on disposals	-	-	(3)	(1,090)	(13)	(1,106)
Written off	-	-	(34)	-	(96)	(130)
Exchange realignment	(2,701)	-	(50)	(119)	(265)	(3,135)
At 31 March 2019	39,539	7,202	5,358	3,745	11,429	67,273
Carrying amount						
At 31 March 2019	11,087	23	642	3,810	1,362	16,924
At 31 March 2018	13,056	426	785	3,818	1,819	19,904

At 31 March 2019 and 2018, the Group was in the process of obtaining the building ownership certificates of the Group's buildings. Notwithstanding this, the Directors are of the opinion that the Group has obtained the legal rights to use these assets as at 31 March 2019 and 2018.

As at 31 March 2019, certain furniture and equipment and motor vehicles with carrying amount of approximately HK\$656,000 (2018: HK\$1,170,000) were under finance leases.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

16. INTANGIBLE ASSETS

	Drama Scripts	Medical waste treatment HK\$'000	Free right HK\$'000	Total HK\$'000
Cost				
At 1 April 2017	-	31,464	151,286	182,750
Exchange realignment	-	3,400	-	3,400
At 31 March 2018 and 1 April 2018	-	34,864	151,286	186,150
Additions	26,306	-	-	26,306
Exchange realignment	-	(2,289)	-	(2,289)
At 31 March 2019	26,306	32,575	151,286	210,167
Accumulated amortisation and impairment				
At 1 April 2017	-	22,707	151,286	173,993
Amortisation during the year	-	946	-	946
Exchange realignment	-	2,505	-	2,505
At 31 March 2018 and 1 April 2018	-	26,158	151,286	177,444
Amortisation during the year	-	933	-	933
Exchange realignment	-	(1,718)	-	(1,718)
At 31 March 2019	-	25,373	151,286	176,659
Carrying amount				
At 31 March 2019	26,306	7,202	-	33,508
At 31 March 2018	-	8,706	-	8,706

Medical waste treatment represents the assets from medical waste treatment segment which are recognised as intangible asset under HK(IFRIC) – Int 12 when the Group receives a right to charge users of the public service. The Group entered into two service concession agreements with the local governments in Siping, Jilin Province and in Suihua, Heilongjiang Province, PRC to construct medical waste treatment centers. Under the terms of the agreements, the Group shall operate the medical waste treatment centers for a period of 20 years. The Group shall be responsible for any maintenance services required during the concession period. The service concession agreements do not contain a renewal option.

Drama scripts represent the scripts of the dramas together with the intellectual property rights and other relevant rights for advertising media business segment. Details of the acquisition are set out in note 26.

Free right arise from a cooperation agreement with Xinhua News Agency Asia-Pacific Regional Bureau Limited (“APRB”), which was a former substantial shareholder of the Company, for the development of the TV screen broadcast business (the “Cooperation Agreement”). Free right is fully impaired during the year ended 31 March 2016.

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For the year ended 31 March 2019

16. INTANGIBLE ASSETS (continued)

The following useful lives are used in the calculation of amortisation:

	Useful life	Remaining useful life
Medical waste treatment	20 years	10-11 years
Free right	10 years	2 years
Drama scripts	Over the shorter of the underlying license period and their useful life with reference to projected revenue.	

No impairment was recognised for both years.

17. INVESTMENT PROPERTY

	2019 HK\$'000	2018 HK\$'000
At the beginning of year	-	-
Transfer from trade receivables	21,262	-
Fair value gain on an investment property	10,270	-
Exchange realignment	(11)	-
At the end of year	31,521	-

The estimated fair value of an investment property as at 31 March 2019 was approximately HK\$31,521,000 (2018: Nil), which has been arrived at on the basis of a valuation carried out by CHFT Advisory and Appraisal Ltd., an independent professional valuer.

18. INVESTMENT IN AN ASSOCIATE

	2019 HK\$'000	2018 HK\$'000
Unlisted share, at cost	-	3

As at 31 March 2019, the amount due to an associate is unsecured, interest-free and repayable on demand. The carrying amount of the amount due from an associate approximates to its fair value.

On September 7, 2018, the associate has been deregistered.

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For the year ended 31 March 2019

18. INVESTMENT IN AN ASSOCIATE (continued)

Reconciliation of the above summarised financial information to the carrying amount of the interests in an associate recognised in the consolidated financial statements:

	Notes	2019 HK\$'000	2018 HK\$'000
Net assets of an associate	18(b)	-	8
Proportion of the Group's ownership interests		-	40%
Share of net assets of an associate		-	3
Net loss of an associate	18(b)	-	(2)
Proportion of the Group's ownership interests		-	40%
Share of net results of an associate		-	(1)

(a) Particulars of the associate are as follows:

Name	Place of incorporation	Particulars of issued shares held		Percentage of ownership interest attributable to the Group		Principal activity
		2019	2018	2019	2018	
Faber China Limited	Hong Kong	Nil	Ordinary shares of HK\$1 each	Nil	40%	Trading of professional cleaning products and marble-care products

(b) The following is summary of aggregate amounts of assets, liabilities, revenue, and results of the Group's associate:

	2019 HK\$'000	2018 HK\$'000
Assets	-	10
Liabilities	-	(2)
Net assets	-	8
Revenue	-	-
Other income and gains	-	-
Loss	-	(2)
Other comprehensive income	-	-
Total comprehensive loss	-	(2)
Dividend received from an associate	-	-

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For the year ended 31 March 2019

19. INVENTORIES

	2019 HK\$'000	2018 HK\$'000
Finished goods	361	332

20. TRADE RECEIVABLES

	2019 HK\$'000	2018 HK\$'000
Trade receivables	77,253	89,715
Less: Impairment loss recognised on trade receivables	-	(31,500)
	77,253	58,215

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:

	2019 HK\$'000	2018 HK\$'000
Balance at the beginning of the year	31,500	31,700
Reversal of impairment loss of trade receivables	-	(200)
Amount written off as uncollectible	(31,500)	-
Balance at the end of the year	-	31,500

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

	2019 HK\$'000	2018 HK\$'000
Within 30 days	36,620	28,167
31 to 60 days	20,366	17,167
61 to 90 days	5,966	10,196
91 to 120 days	11,335	1,342
Over 120 days	2,966	1,343
	77,253	58,215

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For the year ended 31 March 2019

20. TRADE RECEIVABLES (continued)

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

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

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

	Current	Within 30 days past due	31-60 days past due	61-120 days past due	121 days- 1 year past due	Over 1 year past due	Total
At 31 March 2019							
Weighted average expected loss rate	0%	0%	0%	0%	0%	0%	
Receivable amount (HK\$'000)	61,715	1,433	372	11,160	2,573	-	77,253
Loss allowance (HK\$'000)	-	-	-	-	-	-	-
At 31 March 2018							
Weighted average expected loss rate	0%	0%	0%	0%	0%	98%	
Receivable amount (HK\$'000)	55,530	1,342	37	5	596	32,205	89,715
Loss allowance (HK\$'000)	-	-	-	-	-	31,500	31,500

21. PREPAYMENT, DEPOSITS AND OTHER RECEIVABLES

	2019 HK\$'000	2018 HK\$'000
Prepayments	3,944	5,590
Deposits	5,576	5,212
Other receivables	19,860	36,115
Less: Impairment loss recognised on other receivables	(18,690)	(18,690)
	10,690	28,227

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

21. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (continued)

At 31 March 2019, included in other receivables were mainly (i) loan receivable and loan interest receivable amounted to approximately HK\$Nil (2018: HK\$21,690,000); and (ii) compensation for liquidated damages under remedial agreement amount of HK\$Nil (2018: HK\$13,200,000).

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

During the year, approximately HK\$3,000,000 has been settled by the Borrower. A provision for impairment of HK\$18,690,000 has been provided for this balance of the loan since the fiscal year of 2017/18. On 4 October 2018, the Company obtained a final judgement from the Court of First Instance of the High Court of The Hong Kong Special Administrative Region against the Borrower for the recovering the loan. Based on a legal advice provided in October 2018, the Board decided to enforce the final judgement on 30 November 2018. In March 2019, the Company successfully obtained garnishee orders from the Court of First instance to order banks to pay to the company relevant amount and attend a hearing. However, banks later replied to the legal representative of the Company that either no fund was attached or the bank account was closed by the Borrower therefore would not attend the hearing.

The Company is currently seeking legal opinions on the subsequent actions.

- (ii) The compensation for liquidated damages under the remedial agreement was a liquidated damage from Xinhua News Agency Asia-Pacific Regional Bureau Limited ("APRB"), which is our former substantial shareholder of the Company, under the further undertaking of the Cooperation Agreement.

During the year ended 31 March 2019, total HK\$13,200,000 has been fully settled by APRB.

22. CASH AND CASH EQUIVALENTS AND PLEDGED TIME DEPOSITS

	2019 HK\$'000	2018 HK\$'000
Cash and bank balances	48,162	34,244
Time deposits	24,653	12,115
	72,815	46,359
Less: Pledged short-term time deposits for banking facilities	(2,056)	(2,046)
Cash and cash equivalents	70,759	44,313

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For the year ended 31 March 2019

22. CASH AND CASH EQUIVALENTS AND PLEDGED TIME DEPOSITS (continued)

At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to approximately HK\$6,606,000 (2018: HK\$7,142,000). RMB is not freely convertible into other currencies; however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

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

At the end of the reporting period, the Group's banking facilities were secured by the pledge of certain of the Group's time deposits amounting to approximately HK\$2,056,000 (2018: HK\$2,046,000), and a property owned by a related company which is controlled by a director of the Company.

23. TRADE PAYABLES

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

	2019 HK\$'000	2018 HK\$'000
Within 30 days	21,360	6,163
31 to 60 days	20	4,798
Over 90 days	178	566
	21,558	11,527

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

24. OTHER PAYABLES AND ACCRUED LIABILITIES

Other payables of the Group are non-interest-bearing and have an average payment term of one month.

	2019 Hk\$'000	2018 Hk\$'000
Other payables	10,837	8,516
Accrued liabilities (Note)	32,467	31,694
	43,304	40,210

Note: Accrued liabilities mainly represent the staff cost and benefit incurred in the Group.

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25. FINANCE LEASE PAYABLES

The Group leases certain of its plant and machinery and motor vehicles for its business. These leases are classified as finance leases and have remaining lease terms 1 to 3 years (2018: from 1 to 4 years). As 31 March 2019, the average effective borrowing rate was 3.53% (2018: 3.53%). Interest rates are fixed at the contract dates and thus expose the Group to fair value interest rate risk. All lease are on a fixed repayment basis and no arrangement have been entered into for contingent rental payments. All finance lease payables are denominated in HK\$.

The Group's finance lease payables are secured by the lessor's title to the leased assets.

	Minimum lease payments		Present value of minimum lease payments	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amounts payable:				
Within one year	286	498	268	466
In the second year	161	285	150	268
In the third to fifth years, inclusive	147	308	144	294
Total minimum finance lease payments	594	1,091	562	1,028
Future finance charges	(32)	(63)		
Total net finance lease payables	562	1,028		
Portion classified as current liabilities	(268)	(466)		
Non-current portion	294	562		

26. OTHER FINANCIAL LIABILITY

Other financial liability is in respect of the contingent consideration for the payment of the scripts of the dramas together with the intellectual property rights and other relevant rights. The estimated aggregate fair value of the remaining allotted and issued consideration shares and the cash consideration as at 31 March 2019 was approximately HK\$12,973,000 (2018: Nil), which has been arrived at on the basis of a valuation carried out by CHFT Advisory and Appraisal Ltd., an independent professional valuer. For details, please refer to the announcements dated 23 September 2018, 12 March 2019 and 20 March 2019.

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27. DEFERRED INCOME

	2019 HK\$'000	2018 HK\$'000
Cost		
At 1 April	7,622	6,879
Exchange realignment	(500)	743
At 31 March	7,122	7,622
Accumulated amortisation		
At 1 April	3,475	2,713
Amortisation during the year (Note 8)	243	445
Exchange realignment	(229)	317
At 31 March	3,489	3,475
Net carrying amount	3,633	4,147

Deferred income represents unamortised government grants received from the PRC government for the purchase of property, plant and equipment for medical waste treatment during the year. There are no unfilled conditions or contingencies relating to these subsidies.

28. DEFERRED TAX LIABILITIES

The components of deferred tax liabilities recognised in the consolidated statement of financial position and the movements during the year is as follows:

	Fair value change of revaluation of investment property HK\$'000	Total HK\$'000
At 1 April 2017, 31 March 2018 and 1 April 2018	-	-
Deferred tax charged to profit or loss during the year (note 13)	2,568	2,568
Exchange realignment	(3)	(3)
At 31 March 2019	2,565	2,565

29. SHARE CAPITAL

	2019 HK\$'000	2018 HK\$'000
Authorised:		
2,000,000,000 ordinary shares of HK\$0.01 each	20,000	20,000
Issued and fully paid:		
1,675,869,796 (2018: 1,446,294,040) ordinary shares of HK\$0.01 each	16,759	14,463

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29. SHARE CAPITAL (continued)

A summary of the transactions during the year with reference to the below movements in the Company's issued ordinary share capital is as follow:

	Number of shares in issue	Issued capital HK\$'000
At 1 April 2017	1,367,486,040	13,675
Issue of shares by way of exercising share options (Note a)	78,808,000	788
At 31 March 2018 and 1 April 2018	1,446,294,040	14,463
Issue of shares (Note b and c)	229,575,756	2,296
At 31 March 2019	1,675,869,796	16,759

Notes:

- (a) During the year ended 31 March 2018, 78,808,000 share options were exercised, the share capital of the Company was increased by approximately HK\$788,000 and an amount of approximately HK\$22,634,000 was credited to the share premium account of the Company.
- (b) On 7 June 2018, the Company and Prudential Brokerage Limited entered into a placing agreement in respect of the placement of 162,909,090 ordinary shares of HK\$0.01 each to independent investors at a price of HK\$0.275 per share, in order to raise additional capital for the Group to invest and develop advertisement media business and to broaden its shareholders' base. The placement was completed on 26 July 2018 and the premium on the issue of shares, amounting to approximately HK\$42,570,000, was credited to the Company's share premium account.
- (c) On 21 September 2018, the Group entered into agreement with Mr. Gao Xixi and Xiwen Corporation Limited (collectively referred to herein as "Vendors"), pursuant to which the Group has conditionally agreed to purchase, and the Vendors have conditionally agreed to sell 100% shares of Dawen Corporation Limited (the "Acquisition of Dawen"). Dawen Corporation Limited holds the scripts of the dramas together with the Intellectual Property Rights and other relevant rights. The said scripts of the dramas was controlled by, respectfully, Mr. Gao Xixi, who is a nationally reputable Chinese director and producer in the PRC. The Board considered the said Acquisition of Dawen would enhance the Company's businesses, and to open up avenues to new opportunities, which eventually create potential value to the Shareholders. The completion of the Acquisition of Dawen took place on 20 March 2019 whereby 66,666,666 shares with an aggregate fair value of approximately HK\$13,333,000 were allotted and issued to the Vendors. The share capital of the Company was increased by approximately HK\$667,000 and an amount of approximately HK\$12,666,000 was credited to the Company's share premium account.

30. SHARE OPTION SCHEME

The 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 and shall be valid and effective for a period of 10 years up to 24 September 2025.

The maximum number of shares which may be issued upon exercise of all options which may be granted at any time under this Share Option Scheme together with options which may be granted under any other share option schemes for the time being of the Company shall not exceed 10% of the issued share capital of the Company as at the date of approval of the Share Option Scheme ("Scheme Mandate Limit"). The Scheme Mandate Limit may be refreshed by the shareholders in general meeting in accordance with the rules of the Share Option Scheme.

The Scheme Mandate Limit was refreshed by the shareholders at the annual general meeting of the Company held on 27 September 2018. The maximum number of shares which can be issued upon the exercise of all the share options to be granted under the refreshed Scheme Mandate Limit shall be 160,920,313 shares, representing 10% of a total of 1,609,203,130 shares in issue as at the date of approval of the refreshment of Scheme Mandate Limit. For details, please refer to the supplementary circular to the annual general meeting of the Company dated 4 September 2018.

According to the Share Option Scheme, the Board may at its absolute discretion, offer to grant option to any participant as the Board may think fit. The amount payable on acceptance of an option is HK\$1.00. The offer of option shall be accepted by the Participants within 28 days from the date of the offer, otherwise the offer shall be deemed to have been irrevocably declined and lapsed automatically.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be notified by the Board to each Grantee but may not be exercised after the expiry of ten years from the Offer Date. The Board may impose restrictions on the exercise of an Option during the period an Option may be exercised.

For the purpose of this section, participants refers 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; any shareholder and director of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; and 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.

The subscription price in respect of any particular option shall be such price as determined by the Board in its absolute discretion at the time of the grant of the options but in any case the subscription price shall not be less than the higher of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a trading day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the 5 trading days immediately preceding the date of grant; or (iii) the nominal value of a Share.

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30. SHARE OPTION SCHEME (continued)

(a) Details of the specific categories of options are as follows:

	Number of share options	Date of grant	Vesting period	Exercise period	Exercise price per share HK\$
Share options granted to directors	34,708,000	6-Jul-18	N/A	6/7/2018 to 5/7/2028	0.2780
Share options granted to employees	23,232,604	6-Jul-18	1 year from the date of grant	6/7/2019 to 5/7/2028	0.2780
	<u>57,940,604</u>				

If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Options are forfeited if the employee leaves the Group.

(b) Details of the share options outstanding during the year are as follows:

	2019		2018	
	Number of share options	Weighted average exercise price HK\$	Number of share options	Weighted average exercise price HK\$
Outstanding at the beginning of the year	1,367,400	0.1882	80,675,400	0.1882
Granted during the year	57,940,604	0.2780	-	
Exercised during the year	-		(78,808,000)	0.1882
Lapsed during the year	(1,367,400)	0.1882	(500,000)	0.1882
Outstanding at the end of the year	<u>57,940,604</u>	<u>0.2780</u>	<u>1,367,400</u>	0.1882
Exercisable at the end of the year	<u>34,708,000</u>		<u>1,367,400</u>	

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30. SHARE OPTION SCHEME (continued)

Movements of the share options during the year ended 31 March 2019 are listed below in accordance with chapter 17 of the Listing Rules:

Name or category of participant	As at 1 April 2017	Exercised during the year	Lapsed during the year	As at 31 March 2018	Lapsed during the year	Granted	As at 31 March 2019	Date of grant of share options	Exercise period of share options	Exercise price of share options HK\$ per share
Directors										
Mr. Ju Mengjun	13,674,000	(13,674,000)	-	-	-	-	-	29/9/2016	29/9/2016 to 28/9/2026	0.1882
Mr. Lo Kou Hong	13,674,000	(13,674,000)	-	-	-	-	-	29/9/2016	29/9/2016 to 28/9/2026	0.1882
Mr. Yu Guang (Resigned on 22 January 2018)	1,367,400	-	-	1,367,400	(1,367,400)	-	-	29/9/2016	29/9/2016 to 28/9/2026	0.1882
Mr. David Wei Ji	13,674,000	(13,674,000)	-	-	-	-	-	29/9/2016	29/9/2016 to 28/9/2026	0.1882
Mr. Wen Xin Nian	13,674,000	(13,674,000)	-	-	-	-	-	29/9/2016	29/9/2016 to 28/9/2026	0.1882
Mr. Ho Hin Yip	1,367,000	(1,367,000)	-	-	-	-	-	29/9/2016	29/9/2016 to 28/9/2026	0.1882
Mr. Wang Qi	1,367,000	(1,367,000)	-	-	-	-	-	29/9/2016	29/9/2016 to 28/9/2026	0.1882
Mr. Tsang Chi Hon	1,367,000	(1,367,000)	-	-	-	-	-	29/9/2016	29/9/2016 to 28/9/2026	0.1882
Mr. Chan Chun Wo	-	-	-	-	-	14,462,000	14,462,000	6/7/2018	6/7/2018 to 5/7/2028	0.2780
Ms. Chen Ming	-	-	-	-	-	1,446,000	1,446,000	6/7/2018	6/7/2018 to 5/7/2028	0.2780
Mr. Li Bing	-	-	-	-	-	8,677,000	8,677,000	6/7/2018	6/7/2018 to 5/7/2028	0.2780
Mr. Huang Wen Kai	-	-	-	-	-	8,677,000	8,677,000	6/7/2018	6/7/2018 to 5/7/2028	0.2780
Ms. Lee Suen	-	-	-	-	-	1,446,000	1,446,000	6/7/2018	6/7/2018 to 5/7/2028	0.2780
Sub-total	60,164,400	(58,797,000)	-	1,367,400	(1,367,400)	34,708,000	34,708,000			
Continuous Contracts										
Employees	13,674,000	(13,174,000)	(500,000)	-	-	-	-	29/9/2016	29/9/2016 to 28/9/2026	0.1882
All other eligible participants	6,837,000	(6,837,000)	-	-	-	-	-	29/9/2016	29/9/2016 to 28/9/2026	0.1882
Continuous Contracts Employees	-	-	-	-	-	23,232,604	23,232,604	6/7/2018	6/7/2019 to 5/7/2028	0.2780
Sub-total	20,511,000	(20,011,000)	(500,000)	-	-	23,232,604	23,232,604			
Total	80,675,400	(78,808,000)	(500,000)	1,367,400	(1,367,400)	57,940,604	57,940,604			

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For the year ended 31 March 2019

30. SHARE OPTION SCHEME (continued)

No share options (2018: 78,808,000 share options) were exercised and 1,367,400 share options (2018: 500,000 share options) were lapsed during the year ended 31 March 2019. The weighted average share price at the date of exercise for share options exercised during the year ended 31 March 2019 was HK\$0.2780 (2018: 0.1882). The options outstanding at the end of the year have a weighted average remaining contractual life of 9.3 years (2018: 8.5 years) and the exercise price is HK\$0.2780 per share (2018: 0.1882 per share). During 2019, 57,940,604 options were granted on 6 July 2018. The estimated fair values of the options granted to directors and employees on those dates are HK\$0.174 and HK\$0.157 respectively.

The fair values of options granted under the Share Option Scheme measured at the date of grant during the year ended 31 March 2019 was approximately HK\$8,780,000. The following significant assumptions were used to derived the fair value using the Binomial Option Pricing Model:

	6 July 2018	6 July 2018
Grantee	Director	Employee
Total number of share option	34,708,000	23,232,604
Option value	0.174	0.157
Option life	10 years	10 years
Expected Tenor	10 years	10 years
Exercise price	0.278	0.278
Stock price at the date of grant	0.275	0.275
Expected volatility	80.88%	80.88%
Risk-free rate	2.11%	2.11%

Expected volatility was reference to Bloomberg calculated from the weighted average historical volatility of weekly return of share price of comparable companies and the Company. Risk-free rate represents the yields to maturity of Hong Kong Exchange Fund Note with respective terms to maturity as at the share options granted date. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considers.

31. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of the consolidated financial statements.

The Group's contributed surplus represents the excess of the nominal value of the shares of the subsidiaries acquired pursuant to the Group reorganisation prior to the listing of the Company's shares, over the nominal value of the Company's shares issued in exchange therefor.

The Group's merger reserve arose from the business combination under common control in respect of the acquisition of Peixin Group Limited in the year ended 31 March 2009.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

32. OPERATING LEASE ARRANGEMENTS

The Group leases its office properties and staff quarters under operating lease arrangements, which are negotiated for terms ranging from one to three years.

At 31 March 2019 and 2018, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2019 HK\$'000	2018 HK\$'000
Within one year	9,339	4,738
In the second to fifth years, inclusive	2,835	310
	12,174	5,048

33. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances disclosed elsewhere in these consolidated financial statements, the Group had the following transactions with related companies, of which certain directors are also Directors during the year.

	2019 HK\$'000	2018 HK\$'000
Management fee income from a related company (Note)	60	60
Sales to related companies	53	69

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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

33. RELATED PARTY TRANSACTIONS (continued)

- (b) Outstanding balance with related parties:

Amount due to an associate

The amount due to an associate is unsecured, interest-free and repayable on demand.

Other receivables

As at 31 March 2019, included in other receivables was a compensation for liquidated damages under remedial agreement from APRB amount to HK\$Nil (2018: HK\$13,200,000), which was our former substantial shareholder of the Company.

Loans from a director

	2019 HK\$'000	2018 HK\$'000
Loans from a director		
Within one year	1,167	–
2 to 5 years	5,081	6,688
	6,248	6,688

The amounts due are unsecured, interest-free and HK\$1,167,000 should be repaid within one year, while remaining HK\$5,081,000 should be repaid in 2 to 5 years.

- (c) Compensation of key management personnel of the Group:

	2019 HK\$'000	2018 HK\$'000
Short-term employee benefits	7,333	4,256
Post-employment benefits	116	113
Equity-settled share option expense	5,795	–
Total compensation paid to key management personnel	13,244	4,369

Further details of directors' emoluments are included in Note 11 to the consolidated financial statements.

34. NON-ADJUSTED EVENTS AFTER REPORTING PERIOD

- On 18 April 2019, the Company, through its indirect wholly owned subsidiary, entered into an agreement to acquire the entire issued share capital in Fujian Jiye Property Management Co., Ltd., which indirectly owns a property named Wuyishan Zhong Sheng Hotel (武夷山中盛大酒店). Details of which are set out in the announcement of the Company dated 18 April 2019.
- On 18 April 2019, the Company announced that the Company had initiated a motion to strike out a summons to the High Court of the Hong Kong Special Administrative Region. On 19 June 2019, the Company announced that Brave Venture Limited filed a Notice of Discontinuance with the High Court to wholly discontinue a legal action. Details of which are set out in the announcement of the Company dated 18 April 2019 and 19 June 2019.

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For the year ended 31 March 2019

35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2019 HK\$'000	2018 HK\$'000
Non-current assets			
Investments in subsidiaries		36,017	3,978
Total non-current assets		36,017	3,978
Current assets			
Amount due from subsidiary		113,775	70,079
Prepayments, deposits and other receivables		1,979	16,785
Cash and cash equivalents		139	139
Total current assets		115,893	87,003
Current liability			
Other payables and accrued liabilities		1,919	1,514
Other financial liability		12,973	-
Total current liabilities		14,892	1,514
Net current assets		101,001	85,489
Total assets less current liabilities		137,018	89,467
Net assets		137,018	89,467
Capital and reserves			
Share capital	29	16,759	14,463
Reserves	36	120,259	75,004
Total equity		137,018	89,467

Approved by the Board on 27 June 2019 and signed on its behalf by:

Chan Chun Wo
Co-chairman

Lo Kou Hong
Co-chairman

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

36. RESERVES OF THE COMPANY

A summary of the Company's reserves is as follows:

	Share premium HK\$'000	Capital redemption reserve HK\$'000	Share option reserve HK\$'000	Contributed surplus HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2017	469,527	254	8,793	59,511	(468,454)	69,631
Loss for the year	-	-	-	-	(8,671)	(8,671)
Total comprehensive loss for the year	-	-	-	-	(8,671)	(8,671)
Lapsed of share options	-	-	(49)	-	49	-
Exercised of share options	22,634	-	(8,590)	-	-	14,044
At 31 March 2018 and 1 April 2018	492,161	254	154	59,511	(477,076)	75,004
Loss for the year	-	-	-	-	(18,761)	(18,761)
Total comprehensive loss for the year	-	-	-	-	(18,761)	(18,761)
Issued of ordinary share	55,236	-	-	-	-	55,236
Lapsed of share options	-	-	(154)	-	154	-
Share-base payment	-	-	8,780	-	-	8,780
At 31 March 2019	547,397	254	8,780	59,511	(495,683)	120,259

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37. PARTICULARS OF SUBSIDIARIES

Particulars of the Company's subsidiaries are as follows:

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Sinopoint Corporation	British Virgin Islands/Hong Kong	US\$100 Ordinary	100	-	Investment holding
Lo's Cleaning Services Limited	Hong Kong	HK\$100 Ordinary HK\$26,768,000 Non-voting deferred	-	100	Provision of cleaning and related services
Honest Grand International Limited	British Virgin Islands/Hong Kong	US\$100 Ordinary	-	100	Investment holding
Oriental Emperor Holdings Limited	British Virgin Islands	US\$100 Ordinary	-	55	Investment holding
Lo's Environmental Technology Holdings Limited (formerly known as Lo's Tsinghua Daring Environmental Technology Holdings Limited)	Hong Kong	HK\$1 Ordinary	-	55	Investment holding

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

37. PARTICULARS OF SUBSIDIARIES (continued)

Particulars of the Company's subsidiaries are as follows:

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Siping Lo's Environmental Technology Limited* (formerly known as Siping Lo's Tsinghua Daring Environmental Technology Limited)	PRC	HK\$10,000,000	-	55	Provision of medical waste treatment services
Suihua Lo's Environmental Technology Limited* (formerly known as Suifa Lo's Tsinghua Daring Environmental Technology Limited)	PRC	HK\$10,000,000	-	55	Provision of medical waste treatment services
Heihe Lo's Tsinghua Daring Environmental Technology Limited*	PRC	HK\$10,000,000	-	55	Dormant
Marce International Limited	British Virgin Islands/Hong Kong	US\$100 Ordinary	-	100	Investment holding
Peixin Group Limited	British Virgin Islands/Hong Kong	-	-	70	Investment holding
Shuyang ITAD Environmental Technology Limited*	PRC	RMB123,640,000	-	70	Provision of waste treatment services
Ally Thrive Investments Limited	British Virgin Islands/Hong Kong	US\$100 Ordinary	100	-	Dormant
Xinhua News Media Limited	British Virgin Islands	US\$1 Ordinary	100	-	Provision of advertising media business
Utter Enlightenment International Limited	British Virgin Islands	US\$1 Ordinary	-	100	Investment holding
Kaoting Investment Co. Ltd.	Macau	MOP100,000	-	100	Investment holding

Notes to the Consolidated Financial Statements

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37. PARTICULARS OF SUBSIDIARIES (continued)

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Precise Vision International Limited	British Virgin Islands	US\$50,000	-	100	Investment holding
Treasure Mind Developments Limited	British Virgin Islands	US\$10	-	100	Investment holding
Million Potential Limited	British Virgin Islands	US\$10	-	100	Investment holding
Asia Surplus Limited	British Virgin Islands	US\$10	-	100	Investment holding
Asia Surplus (Hong Kong) Limited	Hong Kong	HK\$3,000,000 Ordinary	-	100	Investment holding
DaWen Corporation Limited	Hong Kong	HK\$35,000,000 Ordinary	-	100	Investing in TV dramas and film
Heng Qin Hetong ** (橫琴和同文化傳播有限公司)	PRC	US\$3,000,000	-	100	Provision of advertising media business
Sichuan Chuang Fu Hai Cultural Limited ** (四川創富海文化傳播有限公司)	PRC	RMB5,000,000	-	100	Provision of advertising media business

The English names are for identification only

* Registered as wholly foreign-owned enterprises under PRC law

The Directors made an assessment as at the date of the reporting period that there is no individual subsidiary that was non-controlling interest which is material to the Group and therefore no financial information is disclosure for these non-wholly owned subsidiaries.

Significant restrictions

Cash and short-term deposits of RMB held in the PRC are subject to local exchange control regulations. These local exchange control regulations provide for restrictions on exporting capital from the PRC, other than through normal dividends.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

38. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

	2019 HK\$'000	2018 HK\$'000
Financial assets		
<i>Loans and receivables</i>		
Trade receivables	77,253	58,215
Financial assets included in prepayments, deposits and other receivables	6,110	21,958
Pledged time deposits	2,056	2,046
Cash and cash equivalents	70,759	44,313
Financial liabilities		
<i>Other financial liability</i>		
<i>Financial liabilities at amortised cost</i>	12,973	–
Amount due to an associate	–	4
Trade payables	21,558	11,527
Financial liabilities included in other payables and accrued liabilities	14,342	11,478
Finance lease payables	562	1,028
Loans from a director	6,248	6,688

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board reviews and agrees policies for managing such risks and they are summarised below.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Group's interest-bearing financial instruments are mainly cash and short-term deposits.

As at the end of the reporting period, the Group's exposure to interest rate risk is considered to be relatively small as the Group's financial instruments predominately were non-interest-bearing or carried at minimal interest rates.

Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group has no specific policy to deal with foreign currency risk. However, management monitors the exposure and will consider hedging the foreign currency risk exposure for significant cash flow risks should the need arise. As at the end of the reporting period, the Group's exposure to foreign currency risk is minimal as all transactions are denominated in the operating units' functional currency.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group considers whether there has been a significant increase in credit risk of financial assets on an ongoing basis throughout each reporting period by comparing the risk of a default occurring as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following information is used:

- internal credit rating;
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;
- actual or expected significant changes in the operating results of the borrower;
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered included the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 120 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings or in the case of trade receivables, when the amounts are over one year past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

The Group's credit risk is primarily attributable to its trade and other receivables and deposits with financial institutions.

Trade receivables

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer. At the end of the reporting period, the Group has certain concentrations of credit risk as 30% (2018: 33%) and 77% (2018: 68%) of the Group's trade receivables were due from the Group's largest customer and the five largest customers, respectively, within the cleaning and related services and advertising media business segment. Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade receivables are set out in note 20.

Deposits with financial institutions

The Group limits its exposure to credit risk by placing deposits with financial institutions that meet the established credit rating or other criteria. Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations. At 31 March 2019 and 2018, the Group has low concentration of credit risk as the deposits are placed in various financial institutions.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The Group's policy is to regularly monitor its current and expected liquidity levels to ensure that it maintains sufficient reserves of cash for its daily operations.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	Within 1 year or on demand HK\$'000	2 to 5 years HK\$'000	Total HK\$'000
2019			
Trade payables	21,558	–	21,558
Financial liabilities included in other payables and accrued liabilities	14,342	–	14,342
Finance lease payables	286	308	594
Loans from a director	1,167	5,081	6,248
Other financial liability	12,973	–	12,973
	50,326	5,389	55,715
2018			
Amount due to an associate	4	–	4
Trade payables	11,527	–	11,527
Financial liabilities included in other payables and accrued liabilities	11,478	–	11,478
Finance lease payables	498	593	1,091
Loans from a director	–	6,688	6,688
	23,507	7,281	30,788

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Fair value

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2019 and 2018.

The Group monitors capital using a current ratio, which is current assets divided by the current liabilities. The Group's policy is to maintain net positive current assets and a current ratio greater than one as shown as follows:

	2019 HK\$'000	2018 HK\$'000
Current assets	161,119	133,133
Current liabilities	(84,264)	(52,583)
Net current assets	76,855	80,550
Current ratio	1.9	2.5

40. 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

40. FAIR VALUE MEASUREMENTS (continued)

(a) Disclosures of level in fair value hierarchy at 31 March 2019:

Description	Fair value measurement using:			Total 2019 HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
Recurring fair value measurements:				
Investment property				
Commercial – PRC	–	–	31,521	31,521
Other financial liability				
Derivative-contingent consideration	–	–	(12,973)	(12,973)
	–	–	18,548	18,548

(b) Reconciliation of asset/(liability) measured at fair value based on level 3:

	Investment property 2019 HK\$'000	Other financial liability 2019 HK\$'000	Total 2019 HK\$'000
At 1 April 2018	–	–	–
Transfer from trade receivables	21,262	–	21,262
Fair value gain on investment property [#]	10,270	–	10,270
Issue	–	(12,973)	(12,973)
Exchange realignment	(11)	–	(11)
At 31 March 2019	31,521	(12,973)	18,548
[#] Include gains for asset held at end of reporting period	10,270	–	10,270

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

40. FAIR VALUE MEASUREMENTS (continued)

- (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.

For level 3 fair value measurements, the Group will normally engage external valuation experts with the recognised professional qualifications and recent experience to perform the valuations.

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Effect on fair value for increase of inputs	Fair value 2019 HK\$'000
Investment property	Direct comparison and residual method	Comparable evidence RMB16,000 to RMB17,776 per square metre	Increase	31,521
Shops Situated at Block 11, (Phase 2), Rong Hao, Feicui Project (融豪·翡翠城項目), Land Plot No.2, Luzhou, Sichuan Province, the PRC				
Other financial liability	Discounted cash flow	Cost of debt 5.1% Long-term per-tax profit margin 32.3%-45.2% Long-term per-tax operating margin 30.9%-40.6%	Decrease Increase Increase	12,973
Derivative – contingent consideration 59,683,052 shares and HK\$2,095,085 cash				

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For the year ended 31 March 2019

41. MAJOR NON CASH TRANSACTIONS

The Group acquired property, plant and equipment with an aggregate cost of approximately HK\$1,892,000 (2018: HK\$3,434,000) of which HK\$Nil (2018: HK\$699,000) was acquired by means of finance lease. Cash payments of approximately HK\$1,892,000 (2018: HK\$2,735,000) were made to purchase, property, plant and equipment.

42. CONTINGENT LIABILITIES

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

- (a) The Group has executed performance guarantees to the extent of an aggregate amount of HK\$15,662,000 (2018: HK\$17,252,000) 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 2019 and 2018. Currently, there is a claim against the Group for legal costs that amounts to approximately HK\$1,800,000 by Brave Venture Limited arising from litigation back in September of 2017.

43. COMPARATIVE FIGURES

Certain comparative figures have been restated to conform with the current year's presentation.

44. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 27 June 2019.

FIVE YEAR FINANCIAL SUMMARY

RESULTS

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial statements and restated/reclassified as appropriate, is set out below.

	2019 HK\$'000	2018 HK\$'000	2017 HK\$'000	2016 HK\$'000	2015 HK\$'000
CONTINUING OPERATIONS					
REVENUE	404,279	349,240	336,504	309,846	286,809
LOSS BEFORE TAX	(7,172)	(36,539)	(16,213)	(59,806)	(1,386)
INCOME TAX EXPENSE	(9,054)	(2,391)	(1,015)	(315)	(447)
LOSS FOR THE YEAR	(16,226)	(38,930)	(17,228)	(60,121)	(1,833)
ATTRIBUTABLE TO:					
OWNERS OF THE COMPANY	(15,582)	(39,964)	(18,033)	(60,248)	(1,622)
NON-CONTROLLING INTERESTS	(644)	1,034	805	127	(211)
	(16,226)	(38,930)	(17,228)	(60,121)	(1,833)
ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS					
TOTAL ASSETS	243,072	161,746	177,887	184,727	247,016
TOTAL LIABILITIES	(95,837)	(63,980)	(57,411)	(54,937)	(56,388)
NON-CONTROLLING INTERESTS	2,478	3,631	3,450	3,808	3,574
	149,713	101,397	123,926	133,598	194,202