

TARGET

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XINHUA NEWS MEDIA HOLDINGS LTD: MANAGEMENT MUST HAVE GIVEN THANKS TO THE MAGNANIMITY OF THE HONGKONG GOVERNMENT

Will Management Consider A Call For Cash ?

On studying the financial summary of Xinhua News Media Holdings Ltd (新華通訊頻媒控股有限公司) (Code: 309, Main Board, The Stock Exchange of Hongkong Ltd) and recalling the statistics in respect of the financials of the 2015 Financial Year, at first glance, one could be hoodwinked into believing that the Company, for the first time in 72 months, had turned the proverbial, financial corner by recording a Net Profit Attributable to Shareholders.

However, on scanning the 2020/2021 Annual Report in respect of the Financial Year, ended March 31, 2021, one discovers, at Page 79, that the Company received \$HK48,761,000 from the Hongkong Government (2020: Nil).

On this same Page, at Note 2, it was stated:

‘This represented subsidies received by the Group from the Hong Kong Government under the Employment Support Scheme and the One-off Subsidy for Transport Trade under the Anti-epidemic (sic) Fund.’

Without this windfall amount of nearly \$HK49 million, Management would have faced, without question, another Financial Year of losses – the sixth consecutive Financial Years of losses, in fact.

There can be no dubiety with regard to this determination of **TARGET** (泰達財經); it will become only too evident as one digests this medium’s extrapolation and interpolation in respect of the financial affairs of Xinhua News Media Holdings Ltd, during the 2020/2021 Financial Year.

The Business Of Xinhua News Media Holdings Ltd

The Principal Activities of Xinhua News Media Holdings Ltd was given at Page 40 of the 2020/2021 Annual Report as follows:

‘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.’

At Page Four of the 2020/2021 Annual Report, one discovers the five-paragraph statement of Mr Lo Kou Hong (勞國康), the Chairman of Xinhua News Media Holdings Ltd, hereby reproduced verbatim:

‘The year-long epidemic (sic) has impacted significantly on our economic and social aspects and on our livelihood. Hardly hit by this unprecedented health crisis, we are experiencing a record long recession. The economy has contracted sharply and the unemployment rate soared to record levels.

‘Our business had inevitably suffered as a result of the recession. However, aided by the Employment Subsidy Scheme rolled out by the Government in May 2020, we were able to avoid lay-offs by adjusting the mode and deployment of our workforce. We were also able to offer more concessionary service charges, longer payment terms in addition to various complimentary value-added services, most of which were for disinfections to fight the dreadful virus, to our customers to help tide over these difficulty times.

‘Looking back over the past 40 plus years, our strengths and experiences had, nonetheless, bestowed us to partner with our customers to sail through many health crises, such as seasonal influenza, SARS, avian flu and dengue fever etc. This time around, we are devoting all of our resources and efforts to assist our customers to navigate through the COVID-19 pandemic. Our commitment to fight this pandemic has never been more true.

‘I am inspired by our employees for their hard work, day and night, during these harsh circumstances that no one could have foreseen. I am most grateful to them for being so committed and devoted to their jobs and in pursuing excellent services, which were also recognized and appreciated by our customers.

‘My sincere gratitude is also due to our shareholders for their continued support and to my fellow directors for their invaluable guidance and dedication over the past year.’

As at March 31, 2021, Xinhua News Media Holdings Ltd had a workforce of 684 full-time staff (2020: 966 full-time staff), according to Page 18 of the 2020/2021 Annual Report.

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