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CNC HOLDINGS LIMITED

中國新華電視控股有限公司

(incorporated in the Cayman Islands with limited liability)

(stock code: 8356)

PROFIT WARNING

This announcement is made by the Company pursuant to Rule 17.10 of the GEM Listing Rules.

The Company is currently finalizing the consolidated management accounts of the Group for the year ended 31 March 2012.

The Board wishes to inform the shareholders of the Company that the Group is expected to record a significant loss for the year ended 31 March 2012 as compared to the profit for the same period in 2011, mainly due to the recognition of impairment loss on goodwill related to the Acquisition, amortisation on television broadcasting right upon completion of the Acquisition, finance costs of convertible notes, the costs incurred in connection with the Acquisition and full recognition of share-based payment expenses upon cancellation of share options arrangement.

The Company is expected to record an impairment loss on goodwill in relation to the Acquisition in the amount of approximately HK\$665.7 million for the year ended 31 March 2012.

This profit warning announcement is only based on the Company's preliminary review on the unaudited consolidated management accounts of the Group and is not based on any figures or information which has been audited or reviewed by the Company's auditor.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by CNC Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities (the “**GEM Listing Rules**”) on the Growth Enterprise Market (the “**GEM**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The Company is currently finalizing the consolidated management accounts of the Group for the year ended 31 March 2012. The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders of the Company that the Group is expected to record a significant loss for the year ended 31 March 2012 as compared to the profit for the same period in 2011. Such loss is primarily attributable to (i) impairment loss on goodwill related to the acquisition (the “**Acquisition**”) of the entire issued share capital of Xinhua TV Asia-Pacific Operating Co., Limited (“**Xinhua TV**”); (ii) amortisation on television broadcasting right upon completion of the Acquisition; (iii) incurrence of interest expenses of convertible notes; (iv) the costs incurred in connection with the Acquisition; and (v) full recognition of share-based payment expenses upon cancellation of share options arrangement.

The Company is expected to record an impairment loss on goodwill in relation to the Acquisition in the amount of approximately HK\$665.7 million for the year ended 31 March 2012. The Company completed the Acquisition on 9 December 2011, as a result of which 474,335,664 new shares of the Company were issued to settle part of the consideration under the Acquisition. Mainly due to the closing price of the shares as at the date of completion of the Acquisition was substantially higher than the issue price of the consideration shares for the partial settlement of the consideration under the Acquisition, the Company recorded a goodwill of approximately HK\$816.9 million on completion of the Acquisition in accordance with the applicable Hong Kong Financial Reporting Standards. As the fair value of Xinhua TV as at 31 March 2012 as assessed by an independent professional valuer is about the same as the consideration for the Acquisition, the goodwill which mainly arose from the substantial increase in the closing share price as at the completion of the Acquisition as compared to the agreed issue price of the consideration shares is impaired. The goodwill and the corresponding impairment are both non-cash items.

The information contained in this announcement is only based on the preliminary review of the unaudited consolidated management accounts of the Group for the year ended 31 March 2012 by the management of the Company and is not based on any figures or information which has been audited or reviewed by the Company’s auditor. It is expected that the Company will announce the audited annual results for the year ended 31 March 2012 in early June 2012.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
CNC Holdings Limited
Zou Chen Dong
CEO and Executive Director

Hong Kong, 18 May 2012

As at the date of this announcement, the Board comprises the following Directors:

Executive Directors:

Wu Jin Cai

Zou Chen Dong

Wu Xu Hong

Kan Kwok Cheung

Cheng Ka Ming, Martin

Chia Thien Loong, Eric John

Hui Chi Kwong

Non-executive Director:

Liang Hui

Independent non-executive Directors:

Chan Hon Yuen

Chu Siu Lun, Ivan

Hau Chi Kit

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the GEM website at <http://www.hkgem.com> on the "Latest Company Announcements" page for at least seven days from the date of its posting and the Company's website at <http://www.cnctv.hk>.