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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 CNC Holdings Limited (the “**Company**”, together with its subsidiaries as the “**Group**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on the Growth Enterprise Market (“**GEM**”) of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and the Inside Information Provisions (as defined under the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders of the Company and potential investors that, based on the preliminary review of the unaudited consolidated management accounts of the Group for the year ended 31 March 2017 (the “**Year**”), despite the fact that there was an increase in the Group’s revenue for the Year, the Group is expected to record a significant increase in net loss as compared to the net loss of approximately HK\$46.4 million recorded for the corresponding period in 2016 (the “**Previous Year**”).

Such increase in net loss for the Year were mainly attributable to the change from the incurrence of net profit for the Previous Year to net loss for the Year from the business segment of provision of civil engineering services (the “**Civil Engineering Segment**”), which is the core business and major revenue contributor of the Group. The incurrence of net loss of the Civil Engineering Segment was mainly attributable to the following reasons:

- (i) the gross profit partially offset by the revenue recognition for certain construction contracts reaching the maintenance stage of which large portion of gross profit was recognised at early stage in prior years and thus reduced the overall gross profit and gross profit margin of the Civil Engineering Segment;
- (ii) the adoption of more competitive pricing strategy for newly tendered contracts in order to increase the opportunity of successful tendering because of the increasing competition from other contractors seeking to tender projects at lower price; and
- (iii) the declined gross profit margin as a result of an increase in the cost of construction.

The information contained in this announcement is only based on the Board's preliminary assessment of the unaudited consolidated management accounts of the Group and the information currently available which have not been audited by the auditor of the Company. The Company is still in the process of finalising the consolidated results of the Group for the Year. The Group's audited final results for the Year is expected to be released on 9 June 2017.

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

By order of the Board
CNC Holdings Limited
Li Yuet Tai
Company Secretary

Hong Kong, 25 May 2017

As at the date of this announcement, the Directors are Mr. Zhang Hao¹ (Chairman), Mr. Zou Chen Dong¹ (Vice Chairman and Chief Executive Officer), Mr. Kan Kwok Cheung¹, Dr. Li Yong Sheng², Mr. Chia Kar Hin, Eric John², The Hon. Ip Kwok Him, GBS, JP³, Mr. Kwok Man Wai, SBS, IDS, JP³, Mr. Wan Chi Keung, Aaron, BBS, JP³, Mr. Jin Hai Tao³ and Mr. Wong Chung Yip, Kenneth³.

¹ Executive Director

² Non-executive Director

³ Independent non-executive Director

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 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 www.cnctv.hk.