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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2019

CHARACTERISTICS OF THE GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules 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.

FINANCIAL HIGHLIGHTS

Consolidated Results

For the year ended 31 March

	Changes	**2019**	2018
		HK$'000	*HK$'000*
Revenue	-12.3%	**324,855**	370,515
Gross profit	-89.3%	**3,484**	32,515
Loss before income tax	38.8%	**(68,878)**	(49,639)
Loss attributable to the owners of the Company	42.5%	**(65,302)**	(45,817)
Basic loss per Share *(HK cents)*	42.5%	**(1.61)**	(1.13)
Dividend per Share *(HK cents)*	N/A	**N/A**	N/A

Consolidated Financial Position

As at 31 March

	Changes	**2019**	2018
		HK$'000	*HK$'000*
Total assets	1.7%	**292,101**	287,130
Cash and cash equivalents	13.7%	**79,915**	70,296
Total liabilities	9.7%	**459,092**	418,426
Equity attributable to the owners of the Company	-27.2%	**(166,991)**	(131,296)

Ratios

As at 31 March

	2019	2018
Return on equity *(Note a)*	**N/A**	N/A
Return on assets *(Note b)*	**-22.4%**	-15.9%
Current ratio *(Note c)*	**1.19 times**	0.45 time
Gearing ratio *(Note d)*	**111.0%**	102.1%

Notes:

(a) Return on equity is calculated as net loss divided by Shareholders' equity.

(b) Return on assets is calculated as net loss divided by total assets.

(c) Current ratio is calculated as total current assets divided by total current liabilities.

(d) Gearing ratio is calculated as total amount of promissory note, convertible notes, finance lease payables and advance received from customers divided by total assets.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

"Board"	the board of Directors
"BVI"	the British Virgin Islands
"China Xinhua NNC"	China Xinhua News Network Co., Limited (中國新華新聞電視網有限公司), a company incorporated in Hong Kong and a wholly-owned subsidiary of Xinhua News Agency (新華社) and a Shareholder of the Company
"CNC China"	中國新華新聞電視網有限公司, a company incorporated in the PRC, which owns 100% of the equity interests in China Xinhua NNC, a wholly-owned subsidiary of Xinhua News Agency and a substantial Shareholder of the Company
"Company"	CNC Holdings Limited (中國新華電視控股有限公司), a company incorporated in the Cayman Islands with limited liability on 15 March 2010
"Director(s)"	director(s) of the Company
"Financial Statements"	the audited financial statements of the Group for the year ended 31 March 2019
"GEM"	the GEM of the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM
"Government"	the Government of Hong Kong
"Group"	the Company and its subsidiaries
"HK$" and "HK cent(s)"	Hong Kong dollar(s) and cent(s), respectively, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

"Macau"	the Macau Special Administrative Region of the PRC
"PRC"	the People's Republic of China, excluding Hong Kong, Macau and Taiwan
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended or otherwise modified from time to time
"Share(s)"	ordinary share(s) of the Company
"Share Option Scheme"	the share option scheme of the Company adopted on 11 August 2010
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"WSD"	Water Supplies Department (水務署) of the Government
"Xinhua TV Asia-Pacific"	Xinhua TV Asia-Pacific Operating Co., Limited (新華電視亞太台運營有限公司), a company incorporated in Hong Kong with limited liability on 22 December 2009 and an indirect wholly-owned subsidiary of the Company
"%"	per cent

The Board is pleased to present the audited consolidated results of the Group for the year ended 31 March 2019 together with the comparative figures for 2018 as follows:

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	*4*	**324,855**	370,515
Cost of services		**(321,371)**	(338,000)
Gross profit		**3,484**	32,515
Other income	*5*	**450**	4,093
Other gains and losses	*6*	**3,032**	268
Amortisation expenses		**(18,594)**	(19,734)
Selling and distribution expenses		**–**	(100)
Administrative expenses		**(22,441)**	(32,101)
Change in fair value of financial assets at fair value through profit or loss		**(9,123)**	(1,308)
Loss from operations	*8*	**(43,192)**	(16,367)
Finance costs	*9*	**(25,686)**	(33,331)
Gain on disposal of subsidiaries		**–**	114
Impairment loss on trade receivables		**–**	(55)
Loss before income tax		**(68,878)**	(49,639)
Income tax	*10*	**3,576**	3,822
Loss for the year		**(65,302)**	(45,817)
Other comprehensive (loss)/income			
Items that may be classified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**(1,531)**	2,958
Items that will not be reclassified to profit or loss:			
Change in fair value of financial assets at fair value through other comprehensive income		**(1,057)**	–
Other comprehensive (loss)/income for the year, net of income tax		**(2,588)**	2,958
Total comprehensive loss for the year		**(67,890)**	(42,859)
Loss for the year attributable to the owners of the Company		**(65,302)**	(45,817)
Total comprehensive loss for the year attributable to the owners of the Company		**(67,890)**	(42,859)
Loss per share attributable to the owners of the Company – Basic and diluted *(HK cents)*	*12*	**(1.61)**	(1.13)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2019

	Notes	2019 HK$'000	2018 HK$'000
Non-current assets			
Property, plant and equipment		**38,302**	41,277
Intangible assets		**44,362**	62,678
Available for sale financial assets		**–**	2,302
Deferred tax assets		**320**	–
Financial assets at fair value through other comprehensive income		**1,245**	–
		84,229	106,257
Current assets			
Trade and other receivables	*13*	**105,738**	102,116
Tax recoverable		**521**	521
Contract assets		**15,517**	–
Financial assets at fair value through profit or loss		**6,181**	7,940
Cash and cash equivalents		**79,915**	70,296
		207,872	180,873
Total assets		**292,101**	287,130
Current liabilities			
Trade and other payables	*14*	**88,973**	89,546
Contract liabilities		**65,156**	–
Finance lease payables		**42**	2,413
Employee benefits		**3,550**	3,315
Promissory note		**–**	43,026
Convertible notes		**–**	247,511
Current tax liabilities		**16,904**	17,854
		174,625	403,665
Net current assets/(liabilities)		**33,247**	(222,792)
Total assets less current liabilities		**117,476**	(116,535)

	Notes	**2019** HK$'000	2018 HK$'000
Non-current liabilities			
Finance lease payables		**–**	102
Promissory note		**43,123**	–
Convertible notes		**225,475**	–
Interest payables	*14*	**2,214**	–
Deferred tax liabilities		**13,655**	14,659
		284,467	14,761
Total liabilities		**459,092**	418,426
Net liabilities		**(166,991)**	(131,296)
Capital and reserves			
Share capital		**4,055**	4,055
Reserves		**(171,046)**	(135,351)
Total equity		**(166,991)**	(131,296)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2019

	Share capital	Share premium	Capital reserves	Convertible notes equity reserves	Foreign currency translation reserves	Investment revaluation reserves	Other reserves	Accumulated losses	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2017	4,055	1,238,195	2,758	62,631	(3,074)	–	9,868	(1,416,168)	(101,735)
Loss for the year	–	–	–	–	–	–	–	(45,817)	(45,817)
Other comprehensive income for the year, net of tax :									
Items that may be classified subsequently to profit or loss:									
Exchange differences on translating foreign operations	–	–	–	–	2,958	–	–	–	2,958
Total comprehensive loss for the year	–	–	–	–	2,958	–	–	(45,817)	(42,859)
Transfer to accumulated losses upon maturity of convertible notes	–	–	–	(62,631)	–	–	–	62,631	–
Recognition of convertible notes equity reserves on extension of convertible notes	–	–	–	1,562	–	–	11,994	–	13,556
Deferred tax liability arising on extension of convertible notes	–	–	–	(258)	–	–	–	–	(258)
At 31 March 2018	4,055	1,238,195	2,758	1,304	(116)	–	21,862	(1,399,354)	(131,296)
Adoption of HKFRS 9 *(note)*	–	–	–	–	–	–	–	(1,557)	(1,557)
Adjusted balance at 1 April 2018	4,055	1,238,195	2,758	1,304	(116)	–	21,862	(1,400,911)	(132,853)
Loss for the year	–	–	–	–	–	–	–	(65,302)	(65,302)
Other comprehensive loss for the year, net of tax:									
Item that may be classified subsequently to profit or loss:									
Exchange differences on translating foreign operations	–	–	–	–	(1,531)	–	–	–	(1,531)
Item that will not be reclassified subsequently to profit or loss:									
Change in fair value of financial assets at fair value through other comprehensive income	–	–	–	–	–	(1,057)	–	–	(1,057)
Total comprehensive loss for the year	–	–	–	–	(1,531)	(1,057)	–	(65,302)	(67,890)
Transfer to accumulated losses upon maturity of convertible notes	–	–	–	(1,304)	–	–	–	1,304	–
Recognition of convertible notes equity reserves on extension of convertible notes	–	–	–	17,245	–	–	19,352	–	36,597
Deferred tax liabilities arising on extension of convertible notes	–	–	–	(2,845)	–	–	–	–	(2,845)
At 31 March 2019	**4,055**	**1,238,195**	**2,758**	**14,400**	**(1,647)**	**(1,057)**	**41,214**	**(1,464,909)**	**(166,991)**

Note: Upon the adoption of HKFRS 9 "Financial Instruments" on 1 April 2018 has accumulated impact of HK$1,557,000 was recorded as an adjustment to the accumulated losses as at 1 April 2018, which represented the impairment loss allowance net of deferred tax impact.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL

The Company was incorporated in the Cayman Islands on 15 March 2010 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The registered office and principal place of business of the Company are located at the offices of Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands and Suites 2708-2710, 27/F., Everbright Centre, 108 Gloucester Road, Wanchai, Hong Kong respectively.

The Shares of the Company were listed on GEM of the Stock Exchange on 30 August 2010.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are provision of civil engineering services for the public sector in Hong Kong and television broadcasting business in the Asia-Pacific region (excluding the PRC) in return for advertising and related revenue.

2.1. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of HKFRSs effective for annual periods on or after 1 April 2018

In the current year, the Group has adopted all the new and revised standards, amendments and interpretations (the "new and amendments to HKFRSs") issued by Hong Kong Institute of Certified Public Accountants (the "HKICPA") for the first time in the current year.

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impact on the consolidated financial statements

The following tables show the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided. The adjustments are explained in more detail by standard below.

Consolidated statement of financial position (extract)	31 March 2018 *HK$'000*	HKFRS 9 *HK$'000*	HKFRS 15 *HK$'000*	1 April 2018 *HK$'000*
Non-current assets				
Available for sale financial assets	2,302	(2,302)	–	–
Financial assets at fair value through other comprehensive income	–	2,302	–	2,302
Deferred tax assets	–	308	–	308
Current assets				
Trade and other receivables	102,116	(1,182)	(16,199)	84,735
Contract assets	–	(683)	16,199	15,516
Current liabilities				
Trade and other payables	(89,546)	–	14,020	(75,526)
Contract liabilities	–	–	(14,020)	(14,020)
Net current liabilities	(222,792)	(1,865)	–	(224,657)
Net liabilities	(131,296)	(1,557)	–	(132,853)
Capital and reserves				
Reserves	(135,351)	(1,557)	–	(136,908)
Total equity	(131,296)	(1,557)	–	(132,853)

HKFRS 9 Financial Instruments

In the current year, the Group applied HKFRS 9 Financial Instruments, Amendments to HKFRS 9 Prepayment Features with Negative Compensation and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, and 2) expected credit losses ("ECL") for financial assets.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The difference between carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018 are recognised in the opening accumulated losses and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 Financial Instruments: Recognition and Measurement.

Below illustrates the classification and measurement (including impairment) of financial assets and financial liabilities and other items subject to ECL under HKFRS 9 and HKAS 39 at the date of initial application, 1 April 2018.

Under the transition methods chosen, the Group recognises the cumulative effect of the initial application of HKFRS 9 as an adjustment to the opening balance of equity at 1 April 2018. Comparative information is not restated. The following table gives a summary of the opening balance adjustments recognised for each line item in the consolidated statement of financial position that has been affected by HKFRS 9.

Classification and measurement

	HKAS 39 carrying amount at 31 March 2018	**Reclassification**	**Remeasurement**	**HKFRS 9 carrying amount at 1 April 2018**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets				
Available for sale financial assets	2,302	(2,302)	–	–
Financial assets at fair value through other comprehensive income	–	2,302	–	2,302
Deferred tax assets	–	–	308	308
Current assets				
Trade and other receivables	102,116	–	(1,865)	100,251
Capital and reserves				
Accumulated losses	(1,399,354)	–	(1,557)	(1,400,911)

Summary of effects arising from initial application of HKFRS 9

Available-for-sale ("AFS") investments

From AFS financial assets to fair value through other comprehensive income ("FVTOCI"), the Group elected to present in OCI for the fair value changes of all its equity investments previously classified as available-for-sale financial assets. These investments are not held for trading and not expected to be sold in the foreseeable future. At the date of initial application of HKFRS 9, HK$2,302,000 were reclassified from available-for-sale financial assets to financial assets at FVTOCI, of which HK$2,302,000 related to unquoted equity investments previously measured at cost less impairment under HKAS 39.

Classification and measurement of financial assets and financial liabilities at amortised cost

Trade receivables arising from contracts with customers are initially measured in accordance with HKFRS 15.

All recognized financial assets and financial liabilities that are within the scope of HKFRS 9 are subsequently measured at amortised cost.

The measurement categories for all financial liabilities remain the same. The carrying amounts for all financial liabilities at 1 April 2018 has not been impacted by the initial application of HKFRS 9.

Impairment under ECL model

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables and contract assets. Except for those which had been determined as credit impaired under HKAS 39, ECL for other financial assets at amortised cost, including other receivables and bank balances, are assessed on 12-month ECL ("12m ECL") basis as there had been no significant increase in credit risk since initial recognition.

As at 1 April 2018, the directors of the Company reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9.

All loss allowances including trade receivables, contract assets and other financial assets at amortised cost as at 31 March 2018 reconciled to the opening loss allowances as at 1 April 2018 are as follows:

	Trade receivables	**Contract assets**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
At 31 March 2018 – HKAS39	2,686	–	2,686
Reclassification			
Amounts re-measured through opening – accumulated losses	1,182	683	1,865
At 1 April 2018 – HKFRS9	3,868	683	4,551

The reserve movement as at 31 Mach 2018 reconciled to the opening balances as at 1 April 2018 are as follows:

	Accumulated losses *HK$'000*
Balance as at 31 March 2018, as originally presented	**(1,399,354)**
Remeasurement under HKFRS 9	
Increase in provision for	
– trade receivables	**(1,182)**
– contract assets	**(683)**
Increase in deferred tax assets	**308**
At 1 April 2018, as restated	**(1,400,911)**

HKFRS 15 Revenue from Contracts with Customers

The Group has adopted HKFRS 15 Revenue from Contracts with Customers and the related Amendments from 1 April 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transitional provisions in HKFRS 15, prior period comparative figures have not been restated. In summary, the following adjustments were made to the amounts recognised in the balance sheet at the date of initial application (1 April 2018):

	HKAS 18 carry amount at 31 March 2018 *HK$'000*	**Reclassification** *HK$'000*	**Remeasurement** *HK$'000*	**HKFRS 15 carrying amount at 1 April 2018** *HK$'000*
Non-current assets				
Deferred tax assets	–	–	308	308
Current assets				
Trade and other receivables	102,116	(16,199)	(1,182)	84,735
Contract assets	–	16,199	(683)	15,516
Current liabilities				
Trade and other payables	89,546	(14,020)	–	75,526
Contract liabilities	–	14,020	–	14,020

The following tables summarise the impacts of applying HKFRS 15 on the Group's consolidated statement of financial position at 31 March 2019 and its consolidated statement of cash flows for the current year for each of the line items affected. There is no impact on the consolidated statement of profit or loss and other comprehensive income for the current year. Line items that were not affected by the changes have not been included.

Impact on the consolidated statement of financial position

	Carrying amounts as report *HK$'000*	**Adjustments** *HK$'000*	**Carrying amounts without application of HKFRS 15** *HK$'000*
Current assets			
Trade and other receivables	105,738	15,517	121,255
Contract assets	15,517	(15,517)	–
Current liabilities			
Trade and other payables	88,973	20,156	109,129
Amounts due to customers for contract works	–	45,000	45,000
Contract liabilities	65,156	(65,156)	–

Impact on the consolidated statement of cash flows

	Carrying amounts as report *HK$'000*	**Adjustments** *HK$'000*	**Carrying amounts without application of HKFRS 15** *HK$'000*
Cash flows from operating activities			
Increase in trade and other receivables	(21,081)	4	(21,077)
Decrease in contract assets	4	(4)	–
Current liabilities			
Increase in trade and other payables	6,598	6,136	12,734
Increase in amounts due to customers for contract works	–	45,000	45,000
Increase in contract liabilities	51,136	(51,136)	–

(i) Presentation of assets and liabilities related to contracts with customers

The Group has also changed the presentation of the following amounts in the balance sheet to reflect the terminology of HKFRS 15:

– Up to date of initial application of HKFRS15, HK$16,199,000 and HK$14,020,000 of retention receivables and retention money payables were reclassified to contract assets and contract liabilities respectively.

(ii) Timing of revenue recognition

As a result of the changes in the Group's accounting policies, except for the reclassification of the contract assets/contract liabilities from trade and other receivables and amounts due from/to customers for contract works, HKFRS 15 was generally adopted without restating any other comparative information. The adoption of HKFRS 15 in the current period does not result in any impact on the amounts reported in the consolidated financial information and/or disclosures set out in the consolidated financial information.

(b) New and amendments to HKFRSs in issue not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 16	*Leases*[1]
HKFRS 17	*Insurance Contracts*[2]
HK (IFRIC) – Int 23	*Uncertainty over Income Tax Treatments*[1]
Amendments to HKFRS 3	*Definition of a business*[4]
Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*[1]
Amendments to HKFRS 10 and HKAS 28	*Sale and Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKAS 1 and HKAS 8	*Definition of Material*[5]
Amendments HKAS 19	*Plan Amendment, Curtailment or Settlement*[1]
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*[1]
Amendments to HKFRSs	*Annual Improvements to HKFRSs 2015-2017 Cycle*[1]

[1] *Effective for annual periods beginning on or after 1 April 2019*

[2] *Effective for annual periods beginning on or after 1 April 2021*

[3] *Effective for annual periods beginning on or after a date to be determined*

[4] *Effective for business combinations and asset acquisitions for which the acquisitions date is on or after the beginning of the first annual period beginning on or after 1 April 2020*

[5] *Effective for annual periods beginning on or after 1 April 2020*

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 "Leases" and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Total operating lease commitment of the Group in respect of its office, director's quarter, certain office equipment, television broadcasting right, the use of satellite capacity and broadcasting services as at 31 March 2019 was amounting to approximately HK$21,248,000. The directors of the Company do not expect the adoption of HKFRS 16 as compared with the current accounting policy would result in a significant impact on the Group's results at this stage but it is expect certain portion of these lease commitments will be required to be recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities.

The application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. The Group intends to elect the modified retrospective approach for the application of HKFRS 16 as lessee and will recognize the cumulative effect of initial application to opening retained earnings without restating comparative information.

Except disclosed above, the Directors do not anticipate that the application of other new and revised HKFRSs will have a material impact on the Group's financial performance and financial position.

3. BASIS OF PRESENTATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRSs, which is a collective term that includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations ("Ints") issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange of Hong Kong Limited and by the disclosures requirements of the Hong Kong Companies Ordinance ("CO").

(b) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

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

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Group takes into account the characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirely, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

(c) Going concern

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group notwithstanding that the Group has incurred a net loss of approximately HK$65,302,000 during the year ended 31 March 2019 and, as of that date, the Group had net liabilities of approximately HK$166,991,000 respectively.

The directors of the Company adopted the going concern basis in the preparation of Financial Statements and implemented the following measures in order to improve the working capital and liquidity and cash flow position of the Group:

(1) Financial support

China Xinhua News Network Co., Limited ("China Xinhua NNC"), one of the major shareholders of the Company and a convertible notes holder, has confirmed to provide financial support to the Group in a reasonable manner under relevant laws and regulatory requirements, to maintain the going concern of the Company. The financial support only refers to allow the Company to extend the repayment for the liabilities due to China Xinhua NNC to not earlier than 12 months commencing from 31 March 2019, including (1) the convertible notes in the principal amount of approximately HK$257,030,000; (2) the interests payable on the convertible notes amounted to approximately HK$43,382,000 as of 31 March 2019; and (3) the liabilities due to China Xinhua NNC of approximately HK$17,337,000 as of 31 March 2019 in respect of annual fee for television broadcasting right, carriage fee payment and satellite transmission fee, if the repayment would cause the Company to be unable to settle its liabilities due to other parties when they fall due.

(2) Alternative source of funding

The Group is actively considering to raise new capital by carrying out fund raising activities including but not limited to rights issue, open offer, placing of new shares and issuance of convertible note.

In the opinion of the directors, in light of the various measures/arrangements implemented after the end of the reporting period, the Group will have sufficient working capital for its current requirements and it is reasonable to expect the Group to remain a commercially viable concern. Accordingly, the directors are satisfied that it is appropriate to prepare the Financial Statements on a going concern basis.

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for any future liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. The effect of these adjustments has not been reflected in the financial statements.

(d) Functional and presentation currency

The financial statements are presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company. All values are rounded to the nearest thousand dollars (HK$'000) except otherwise indicated.

4. REVENUE

An analysis of the Group's revenue for the years ended 31 March 2019 and 2018 were as follows:

(i) Over time of revenue recognition

	2019	2018
	HK$'000	*HK$'000*
Construction works	**323,895**	369,420
Advertising income*	**960**	1,095
	324,855	370,515

* *No publication income (2018: approximately HK$129,000) was included in advertising income during the year ended 31 March 2019.*

(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

As at 31 March 2019, the aggregated amount of the transaction price allocated to the remaining performance obligation under the Group's existing contracts is approximately HK$178,749,000. This amount represents revenue expected to be recognised in the future from pre-completion construction contracts and advertising contracts entered into by the customers with the Group. The Group will recognised the expected revenue in future when or as the work is completed or service is provided which is expected to occur within the next 12 months.

5. OTHER INCOME

Other income recognised during the years ended 31 March 2019 and 2018 were as follows:

	2019	2018
	HK$'000	*HK$'000*
Interest income	**78**	23
Dividend income	**198**	295
Realised gain on financial assets at fair value through profit or loss	**–**	3,770
Sundry income	**174**	5
	450	4,093

6. OTHER GAINS AND LOSSES

Other gains and losses recognised during the years ended 31 March 2019 and 2018 were as follows:

	2019	2018
	HK$'000	*HK$'000*
Exchange gain/(loss), net	**1,035**	(2,195)
Gain arising from extinguishment of promissory note	**1,939**	2,320
Net gains on disposal of property, plant and equipment	**131**	143
Allowance for expected credit losses recognised for trade receivables	**(78)**	–
Reversal of allowance for expected credit losses for contract assets	**5**	–
	3,032	268

7. SEGMENT INFORMATION

The Group's segment information is presented on the basis on internal reports that are regularly reviewed by the executive directors of the Company, being the chief operating decision maker in order to allocate resources to the segments and assess their performance. For each of the Group's reportable segments, the executive directors of the Company reviews internal management reports on a regular basis.

Under the segment structure implemented during the year ended 31 March 2019, information reported to the executive directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provide are:

(i) Provision of civil engineering services – provision of waterworks engineering services, road works and drainage services and site formation works for public sector in Hong Kong; and

(ii) Television broadcasting and advertising business – the business of broadcasting television programmes on television channels operated by television broadcasting companies in the Asia-Pacific region (excluding the PRC) in return for advertising and related revenue.

Each of these operating segments is managed separately as each of the products and service lines requires different resources as well as marketing approaches.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segment.

For the year ended 31 March 2019

	Provision of civil engineering services *HK$'000*	**Television broadcasting and advertising business** *HK$'000*	**Total** *HK$'000*
Revenue from external customers	**323,895**	**960**	**324,855**
Other income and gains	**245**	**–**	**245**
Reportable segment revenue	**324,140**	**960**	**325,100**
Reportable segment results	**4,004**	**(30,511)**	**(26,507)**
Unallocated corporate income			**2,210**
Unallocated corporate expenses			**(18,895)**
Finance costs			**(25,686)**
Loss before income tax			**(68,878)**

For the year ended 31 March 2018

	Provision of civil engineering services *HK$'000*	Television broadcasting business *HK$'000*	Total *HK$'000*
Revenue from external customers	369,420	1,095	370,515
Other income and gains	191	–	191
Reportable segment revenue	369,611	1,095	370,706
Reportable segment results	27,280	(35,640)	(8,360)
Unallocated corporate income			6,527
Unallocated corporate expenses			(14,475)
Finance costs			(33,331)
Loss before income tax			(49,639)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales for the years ended 31 March 2019 and 2018.

Segment profit/loss respects the profit earned/loss incurred by each segment without allocation of central administration costs, dividend income, interest income, finance costs, change in fair value of financial assets at fair value through profit or loss, gain arising from extinguishment of promissory note and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

At 31 March 2019

	Provision of civil engineering services *HK$'000*	**Television broadcasting and advertising business** *HK$'000*	**Total** *HK$'000*
Segment assets	**149,098**	**51,589**	**200,687**
Unallocated			**91,414**
Consolidated assets			**292,101**
Segment liabilities	**83,392**	**30,729**	**114,121**
Unallocated			**344,971**
Consolidated liabilities			**459,092**

At 31 March 2018

	Provision of civil engineering service *HK$'000*	Television broadcasting business *HK$'000*	Total *HK$'000*
Segment assets	135,349	65,267	200,616
Unallocated			86,514
Consolidated assets			287,130
Segment liabilities	38,900	16,772	55,672
Unallocated			362,754
Consolidated liabilities			418,426

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than available for sale financial assets, financial assets at fair value thought other comprehensive income, financial assets at fair value through profit or loss, cash and cash equivalents, current tax recoverable and assets for corporate use; and

- all liabilities are allocated to operating segments other than convertible notes, current and deferred tax liabilities, finance lease payables and promissory note.

Other segment information

For the year ended 31 March 2019

	Provision of civil engineering services *HK$'000*	**Television broadcasting and advertising business** *HK$'000*	**Unallocated** *HK$'000*	**Total** *HK$'000*
Additions to non-current assets	**20,436**	**3**	**–**	**20,439**
Depreciation of property, plant and equipment	**19,410**	**735**	**1,718**	**21,863**
Amortisation of film rights	**–**	**278**	**–**	**278**
Amortisation of intangible assets	**–**	**18,316**	**–**	**18,316**
Allowance for expected credit losses recognised for trade receivables	**78**	**–**	**–**	**78**
Reversal of allowance for expected credit losses recognised for contract assets	**(5)**	**–**	**–**	**(5)**
Net gains on disposal of property, plant and equipment	**(131)**	**–**	**–**	**(131)**
Change in fair value of financial assets at fair value through profit or loss	**–**	**–**	**9,123**	**9,123**
Gain arising from extinguishment of promissory note	**–**	**–**	**(1,939)**	**(1,939)**

For the year ended 31 March 2018

	Provision of civil engineering Services *HK$'000*	Television broadcasting business *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Additions to non-current assets	16,198	7	–	16,205
Depreciation of property, plant and equipment	15,815	738	2,742	19,295
Amortisation of film rights	–	1,418	–	1,418
Amortisation of intangible assets	–	18,316	–	18,316
Impairment loss on trade receivables	–	55	–	55
Net gains on disposal of property, plant and equipment	(143)	–	–	(143)
Change in fair value of financial assets at fair value through profit or loss	–	–	1,308	1,308
Gain on disposal of subsidiaries	–	–	(114)	(114)
Gain arising from extinguishment of promissory note	–	–	(2,320)	(2,320)

Revenue from major products and services

The following is an analysis of the Group's revenue from its major products and services were as follows:

	2019	2018
	HK$'000	*HK$'000*
Construction works	**323,895**	369,420
Advertising income	**960**	1,095
	324,855	370,515

Geographical information

The Group's operations are mainly located in Hong Kong and the PRC.

The following table provides an analysis of the Group's revenue by location of customers:

	2019	2018
	HK$'000	*HK$'000*
Hong Kong	**324,855**	369,518
PRC	**–**	997
	324,855	370,515

The following is an analysis of the carrying amount of non-current assets, excluding the financial assets, analysed by the geographical area in which the assets are located:

	2019	2018
	HK$'000	*HK$'000*
Hong Kong	**80,998**	100,689
PRC	**1,666**	3,266
	82,664	103,955

Information about major customers

Included in revenue arising from provision of civil engineering services of approximately HK$323,895,000 (2018: HK$369,420,000) are revenue generated from three (2018: four) customers amounting to approximately HK$303,716,000 (2018: HK$366,065,000) has individually accounted for over 10% of the Group's total revenue. No other single customers contributed 10% or more to the Group's revenue for the years ended 31 March 2019 and 31 March 2018.

Revenue from major customers is as follows:

	2019	2018
	HK$'000	*HK$'000*
Customer A *(Note (i))*	**–**	44,437
Customer B	**146,709**	100,568
Customer C	**121,117**	150,321
Customer D	**35,890**	70,739
Others	**21,139**	4,450
	324,855	370,515

Note:

(i) No information was disclosed as the corresponding revenue did not contribute over 10% of the Group's revenue for the year ended 31 March 2019.

8. LOSS FROM OPERATIONS

Loss from operations has been arrived at after charging:

	2019	2018
	HK$'000	*HK$'000*
Contract costs recognised as expenses	**310,758**	325,762
Amortisation of film rights (included in amortisation expenses)	**278**	1,418
Amortisation of intangible assets (included in amortisation expenses)	**18,316**	18,316
Television broadcasting right fee and TV satellite fees (included in cost of services)	**8,623**	8,647
Other direct costs attributable to television broadcasting business (included in cost of services)	**945**	1,585
Other direct operating costs (included in cost of services)	**1,045**	2,006
Auditors' remuneration		
– Audit services	**700**	700
– Non-audit services	**–**	–
Depreciation of property, plant and equipment*	**21,863**	19,295
Staff costs	**91,962**	101,721
Realised gain on financial assets at fair value through profit or loss	**–**	3,770
Operating lease rentals in respect of rented premises	**14,425**	14,757

* *Depreciation of property, plant and equipment of approximately HK$18,893,000 (2018: approximately HK$15,093,000) and HK$1,045,000 (2018: approximately HK$2,006,000) have been separately expensed in contract costs recognised as expenses and cost of services respectively.*

9. FINANCE COSTS

	2019	2018
	HK$'000	*HK$'000*
Interest on:		
Finance leases payables	**26**	104
Promissory note	**3,388**	2,085
Convertible notes	**22,272**	31,142
	25,686	33,331

10. INCOME TAX

The amount of income tax in the consolidated statement of profit or loss and other comprehensive income represents:

	2019	2018
	HK$'000	*HK$'000*
Current tax – Hong Kong profits tax		
– tax for the year	**1,240**	2,126
– (over)/under-provision in respect of prior years	**(1,690)**	167
	(450)	2,293
Current tax – PRC Enterprise Income Tax		
– under-provision in respect of prior year	**735**	–
	285	2,293
Deferred tax		
– current year	**(3,861)**	(6,115)
Income tax credit	**(3,576)**	(3,822)

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment.) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2,000,000 of assessable profits of qualifying corporations will be taxed at 8.25%, and assessable profits above HK$2,000.000 will be taxed at 16.5%. The assessable profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. The Group is subject to Hong Kong Profit Tax at a rate of 16.5% for the year ended 31 March 2018.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the "BVI"), the Company and its subsidiaries incorporated in BVI are not subject to any income tax in the Cayman Islands and the BVI respectively.

Under the prevailing tax law in the PRC, the Enterprise Income Tax rate of the subsidiaries incorporated in the PRC is 25% (2018: 25%).

11. DIVIDENDS

The board does not recommend the payment of any dividend for the year ended 31 March 2019 (2018: nil).

12. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	2019	2018
	HK$'000	*HK$'000*
Loss for the year attributable to the owners of the company for the purpose of basic and diluted loss per share	**(65,302)**	(45,817)
	Number of shares	
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic and diluted loss per Share	**4,055,350**	4,055,350

Diluted loss per share for the years ended 31 March 2019 and 2018 are the same as the basic loss per share. The computation of diluted loss per share for the years ended 31 March 2019 and 31 March 2018 does not assume the Company's outstanding convertible notes since the assumed conversion of convertible notes would result in a decrease in loss per share.

13. TRADE AND OTHER RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Trade receivables *(note (i))*	**61,930**	42,810
Allowance of expected credit losses	**(3,946)**	(2,686)
	57,984	40,124
Retention receivables *(note (iv))*	**–**	16,199
Other receivables and prepayments *(note (v))*	**43,675**	41,924
Deposits	**4,079**	3,869
	105,738	102,116

Notes:

(i) Trade receivables as at the end of the reporting period mainly derived from provision of construction works on civil engineering contracts. The related customers are mainly government department/organisation and reputable corporations. The Group does not hold any collateral over these balances.

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

	2019	2018
	HK$'000	*HK$'000*
Current or less than 1 month	**57,959**	40,124
1 to 3 months	**–**	–
More than 3 months but less than 12 months	**25**	–
More than 12 months	**–**	–
	57,984	40,124

The Group grants an average credit period of 30 days (2018: 30 days) to its trade customers of contract works. Application for progress payments of contract works is made on a regular basis.

Trade receivables disclosed above include amounts (see below for aged analysis) which are past due at the end of the reporting period for which the Group has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable.

Movement in the allowance for doubtful debts:

	2018
	HK$'000
Balance at the beginning of the year	2,660
Write-off	(29)
Impairment loss recognised on trade receivables	55
Balance at the end of the year	2,686

Impairment loss of approximately HK$55,000 was recognised in the consolidated statement of profit or loss and other comprehensive income during the year ended 31 March 2018 as the directors of the Company consider that the outstanding amount were not recoverable.

Movement in allowance for expected credit losses of trade receivables

Movement in lifetime ECL that has been recognised for trade receivables in accordance with simplified approach set out in HKFRS 9 for the year ended 31 March 2019.

	HK$'000
Balance as at 31 March 2018 under HKAS 39	2,686
Adjustment upon application of HKFRS 9	1,182
Adjusted balance as at 1 April 2018	3,868
Allowance for expected credit losses ("ECL")	78
Balance as at 31 March 2019	**3,946**

(ii) For the year ended 31 March 2018, retention monies withheld by customers of contract works are released after the completion of maintenance period of the relevant contract or in accordance with the terms specified in the relevant contract.

(iii) Trade and other receivables are short term and hence the Directors consider the carrying amounts of trade and other receivables approximate their fair values at the end of reporting periods.

(iv) Upon the adoption of HKFRS 15 on 1 April 2018, the balance of retention receivables of HK$16,199,000 was reclassified to contract assets.

(v) It mainly consists of prepayments for insurance and advance payment to subcontractors.

14. TRADE AND OTHER PAYABLES

	2019	2018
	HK$'000	*HK$'000*
Trade payables	**12,327**	11,157
Retention money payables	**–**	14,020
Amounts due to a shareholder *(note (i))*	**17,337**	14,330
Interest payables	**45,596**	36,534
Amount due to a related party *(note (ii))*	**2,009**	2,009
Other payables and accruals	**13,918**	11,496
	91,187	89,546
Less: payables within twelve months shown under current liabilities	**(88,973)**	(89,546)
Interest payables shown under non-current liabilities	**2,214**	–

Notes:

(i) Amount due to a shareholder represents amount due to a major substantial Shareholder, China Xinhua NNC, which is unsecured, interest-free and repayable on demand.

(ii) Amount due to a related party represents amount due to 新華音像中心. 新華音像中心 and China Xinhua NNC have a common shareholder, Xinhua News Agency（新華社）. The amount is unsecured, interest-free and repayable on demand.

The Group normally settles trade payables within 30 days (2018: 30 days) credit term. Based on the invoice date, ageing analysis of trade payables at the end of the reporting period is as follows:

	2019 *HK$'000*	2018 *HK$'000*
Current or less than 1 month	**11,234**	10,325
1 to 3 months	**225**	661
More than 3 months but less than 12 months	**868**	171
More than 12 months	**–**	–
	12,327	11,157

15. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, during the years ended 31 March 2019 and 31 March 2018, the Group had entered into the following transactions with related parties which, in the opinion of the directors, were conducted on normal commercial terms and in the ordinary course of the Group's business.

(a) During the year, the Group entered into the following related party transactions:

Related party relationship	Type of transaction	2019 *HK$'000*	2018 *HK$'000*
A company that Mr. Chia Kar Hin, Eric John ("Mr. Chia"), a former Director had material interest	Service fee for announcement posting agreement	**–**	3
A company that the spouse of Mr. Chia had material interest	Legal and professional fee paid	**–**	40
China Xinhua NNC	Annual fee for television broadcasting right *(note (i))*	**3,000**	3,000
	Accrued interests on convertible notes *(note (ii))*	**7,710**	7,727

Notes:

(i) Pursuant to the agreements signed between the Group and China Xinhua NNC on 5 September 2011, China Xinhua NNC granted the television broadcasting right to Xinhua TV Asia-Pacific for the period from 1 September 2011 to 31 August 2021 on an exclusive basis with an annual fee of approximately HK$1,000,000 payable by Xinhua TV Asia-Pacific to China Xinhua NNC prior to 31 December 2016, and approximately HK$3,000,000 payable by Xinhua TV Asia-Pacific to China Xinhua NNC with effect from 1 January 2017. The transactions constituted continuing connected transactions under the GEM Listing Rules.

(ii) During the year ended 31 March 2019, the convertible notes interests payable to China Xinhua NNC was amount to approximately HK$7,710,000 (2018: approximately HK$7,727,000).

(iii) One of the Directors, Mr. Kan Kwok Cheung ("Mr. Kan"), who is also a shareholder of the Company, has provided personal guarantee to the lessor in respect of the Group's obligations under finance lease as at the end of the reporting period.

As at 31 March 2019 and 31 March 2018, the banking facilities of the Group were secured by corporate guarantee executed by Shunleetat (BVI) Limited, which is wholly and beneficially owned by Mr. Kan, the charges over the properties held by Mr. Kan and personal guarantee provided by Mr. Kan.

The Directors considered that the above related party transactions were conducted on normal commercial terms and in the ordinary and usual course of the Group's business.

(b) Compensation of key management personnel of the Group

The key management personnel of the Group are the Directors.

EXTRACT OF INDEPENDENT AUDITORS' REPORT

The following is an extract of the independent auditors' report on the consolidated financial statements of the Group for the year ended 31 March 2019:

OPINION

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 ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

MATERIAL UNCERTAINTY RELATING TO GOING CONCERN

We draw attention to Note 3 in the financial statements, which indicates that the Company incurred a net loss of approximately HK$65,302,000 during the year ended 31 March 2019 and, as of that date, the Company's net liabilities of approximately HK$166,991,000. As stated in Note 3, these events or conditions, along with other matters as set forth in Note 3, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is principally engaged in the provision of civil engineering services for the public sector in Hong Kong and television broadcasting business in the Asia-Pacific region (excluding the PRC) in return for advertising and related revenue. During the year ended 31 March 2019, the Group continued to focus on rendering civil engineering services to the public sector in Hong Kong and develop its television broadcasting business in the Asia-Pacific region (excluding the PRC).

Provision of civil engineering services

During the year ended 31 March 2019, the Group has been undertaking three main contracts and eight subcontracts. Among the eleven contracts, two are related to provision of waterworks engineering services and the remaining is related to provision of drainage services and site formation services. Details of the contracts undertaken are set out below:

Contract number	Particulars of contract	Client	Contract period under main contracts
Main contracts			
3/WSD/13	Mainlying near She Shan Tsuen, Tai Po	WSD	Sept 2013 – Jul 2016
DC/2013/09	Advance Works for Shek Wu Hui Sewage Treatment Works – Further Expansion Phase 1A and Sewerage Works at Ping Che Road	Drainage Services Department of the Government	Jul 2015 – Aug 2017
Q067133	Elevated Road along LOHAS Punk Road and the Pedestrian Footbridge FB1	MTR Cooperation Limited	Mar 2019 – Jul 2019
Subcontracts			
DC/2012/04	Sewerage in Kau Lung Hang San Wai, Kau Lung Hang Lo Wai and Tai Hang	Hsin Chong Tsun Yip Joint Venture	Jun 2012 – Dec 2017
DC/2012/07	Lam Tsuen Valley Sewerage – village sewerage, stage 2, phase 1	Hsin Chong Tsun Yip Joint Venture	Oct 2012 – Jul 2016
DC/2012/08	Lam Tsuen Valley Sewerage – village sewerage, stage 2, phase 2	Hsin Chong Tsun Yip Joint Venture	Oct 2012 – Aug 2016
5/WSD/13	Replacement and rehabilitation of water mains, stage 4 phase 1 and stage 4 phase 2 – mains in northern and eastern New Territories	Hsin Chong Tsun Yip Joint Venture	Nov 2013 – May 2016
CV/2015/03	Site Formation and Infrastructural Works near Tong Hang Road and Tsz Tin Road in Area 54, Tuen Mun	Hsin Chong Tsun Yip Joint Venture	Nov 2015 – May 2019
810B	West Kowloon Terminus Station South, Contract 810B	Laing O'Rourke – Hsin Chong – Paul Y Joint Venture	Jun 2015 – Oct 2015
Q044763	Elevated Road along Lohas Park Road and the pedestrian footbridge FB1	Hsin Chong Construction Company Limited	Sept 2016 – Nov 2018
CV/2016/10	Site Formation and Association Infrastructural Works For Development of Columbarium at Sandy Ridge Cemetery	Hsin Chong Tsun Yip Joint Venture	Dec 2017 – Jun 2021

Total contract value
HK$2,211.9 million

Total amount of works certified *(Note)*
HK$1,959.6 million

Note: Amount of works certified is based on the certificates of payment received from client.

Among the above eleven contracts, a main contract (contract numbered Q067133) was newly awarded while three subcontracts (contract numbered DC/2012/04, DC/2012/07 and Q044763) was completed during the year ended 31 March 2019.

During the year ended 31 March 2019, the two contracts with contracts numbered CV2015/03 and CV2016/10 were the main contributors to the Group's revenue, which generated approximately HK$118.6 million and approximately HK$143.5 million, constituting approximately 36.5% and approximately 44.2% of the Group's total revenue respectively.

Television broadcasting business

Facing keen competition as well as deteriorating market development, the Group continued to sustain larger pressure and challenges in this business segment which have created certain pressure to the Group's revenue and gross profit margins in this year. The Group intended to seize the opportunities of the "Belt and Road" strategy to redevelop the Chinese ancient architectures and the Group intended to co-operate with different investors of redevelopment of ancient architectures to produce documentary and promotional video to record the redevelopment process of such redevelopment so as to increase the revenue of the television broadcasting business. However, due to the trade disputes and other factors, the global economy became unstable in year 2018 and thus the development of redevelopment of the Chinese ancient architectures became stagnate and did not generate satisfactory result.

However, in the current year, the Group had successfully entered into an advertising agency agreement pursuant to which the Group granted the exclusive right to use certain documentary programmes produced by the Group and partial advertising time slot of China Xinhua News Network Channel and China Xinhua News Network World Channel (collectively the "CNC Channels") to the advertisement agent exclusively for a total minimum guarantee of USD1.01 million for term of two years. The Group believes that the new co-operation arrangement would increase the utilization of airtime slot of the CNC Channels as well as minimize the costs and risks.

The Group would continue to seek other suitable opportunities to diversify its sources of income and is actively looking for candidates that can further broaden and enrich the management's expertise and experience and assist the Group in executing an appropriate business strategy to better position the Group in a highly competitive business environment.

Financial Review

Revenue

For the year ended 31 March 2019, the Group reported a revenue of approximately HK$324.9 million (2018: approximately HK$370.5 million), representing a decrease of approximately 12.3% as compared with that for the previous year. The revenue derived from provision of civil engineering services and television broadcasting business constituted approximately 99.7% and 0.3% of the Group's total revenue respectively. The decrease in revenue was mainly due to decrease in work order from certain civil engineering projects completed during the year and reaching maintenance stage or nearly completion stage. For the year ended 31 March 2019, the Group derived aggregate advertising revenue of approximately HK$1.0 million (2018: approximately HK$1.1 million) from television broadcasting business.

During the year ended 31 March 2019, the revenue of the Group was primarily generated from the undertaking of civil engineering contracts in the capacity of a subcontractor and a joint venturer. The breakdown of total revenue by nature of capacity of the Group is set forth below:

	For the year ended 31 March			
	2019		2018	
	HK$'000	***% of total***	*HK$'000*	*% of total*
Main contractor	**31,796**	**9.8**	59,470	16.1
Subcontractor	**141,222**	**43.6**	194,758	52.7
Jointly controlled operations	**150,877**	**46.6**	115,192	31.2
Total	**323,895**	**100.0**	369,420	100.0

Cost of services

The Group's cost of services decreased by approximately 4.9% to approximately HK$321.4 million (2018: approximately HK$338.0 million) for the year ended 31 March 2019 as compared with that for the previous year. The Group's cost of services mainly includes costs of construction services, costs of television broadcasting business and other direct operating costs. Costs of construction services mainly comprise raw materials, direct labour and subcontracting fee for services provided by the subcontractors. Costs of television broadcasting business mainly comprise transmission costs, broadcasting fee and other direct costs attributable to television broadcasting business. Transmission costs comprise satellite transmission fee and carriage fee payable to satellite operators while broadcasting fee comprises annual fee payable to media broadcasting providers and China Xinhua NNC. Other direct operating costs mainly comprise depreciation charges of LED displays screens. The following table sets out a breakdown of the Group's cost of services:

	For the year ended 31 March			
	2019		2018	
	HK$'000	***% of total***	*HK$'000*	*% of total*
Costs of construction services				
Raw materials	**24,049**	**7.5**	39,545	11.7
Direct labour	**83,082**	**25.8**	87,096	25.8
Subcontracting fee	**74,194**	**23.1**	116,682	34.5
Other direct costs	**129,433**	**40.3**	82,439	24.4
Subtotal	**310,758**	**96.7**	325,762	96.4
Costs of television broadcasting business				
Transmission costs	**2,500**	**0.8**	2,500	0.7
Broadcasting fee	**6,123**	**1.9**	6,147	1.8
Other direct costs attributable to television broadcasting business	**945**	**0.3**	1,585	0.5
Subtotal	**9,568**	**3.0**	10,232	3.0
Other direct operating costs	**1,045**	**0.3**	2,006	0.6
Subtotal	**1,045**	**0.3**	2,006	0.6
Total	**321,371**	**100.0**	338,000	100.0

Gross profit

The gross profit for the Group for the year ended 31 March 2019 decreased by approximately 89.3% to approximately HK$3.5 million (2018: approximately HK$32.5 million). The gross profit margin of the Group was approximately 1.1% (2018: approximately 8.8%) for the year ended 31 March 2019. The decrease in gross profit was mainly due to decrease in work from certain civil engineering projects completed during the year, reaching the maintenance stage or nearly completion stage and thus marginal profits decreased for the year.

Other income

The Group's other income for the year ended 31 March 2019 decreased by approximately 89.0% to approximately HK$0.5 million (2018: approximately HK$4.1 million) as compared with that for the previous year. The other income mainly consisted of cash dividend received from investment in financial assets at fair value through profit or loss for the year. The decrease in other income was mainly due to the realised gains on financial assets at fair value through profit or loss recognised in the previous year.

Other gains and losses

The Group's other gains and losses for the year ended 31 March 2019 increased by approximately 10.3 times to approximately HK$3.0 million (2018: approximately HK$0.3 million) as compared with that for the previous year. Other gains and losses mainly consisted of gains arising from extinguishment of promissory note, net gains on foreign exchange difference and net gains on disposal of property, plant and equipment for the year.

Amortisation expenses

The Group's amortisation expenses for the year ended 31 March 2019 decreased by approximately 5.8% to approximately HK$18.6 million (2018: approximately HK$19.7 million) as compared with that for the previous year. The amortisation expenses mainly consisted of amortisation charges of television broadcasting right and film rights for the television broadcasting business.

Selling and distribution expenses

No selling and distribution expenses were incurred for the year. The selling and distribution expenses of approximately HK$0.1 million mainly consisted of advertising expenses for the television broadcasting business for the year ended 31 March 2018.

Administrative expenses

The Group's administrative expenses for the year ended 31 March 2019 decreased by approximately 30.1% to approximately HK$22.4 million (2018: approximately HK$32.1 million) as compared with that for the previous year. The administrative expenses mainly consisted of auditors' remuneration, legal and professional fees, staff costs (including Directors' remuneration), depreciation expenses and rental expenses. The decrease in the administrative expenses was mainly attributable to effective cost control for the year.

Finance costs

The Group's finance costs for the year ended 31 March 2019 decreased by approximately 22.9% to approximately HK$25.7 million (2018: approximately HK$33.3 million) as compared with that for the previous year. The finance costs mainly consist of interest expenses for the promissory note and convertible notes.

Assessment of recoverable amount of intangible assets

During the year ended 31 March 2012, the Group entered into a sale and purchase agreement with China Xinhua NNC, APT Satellite TV Development Limited and Proud Glory Investments Limited to acquire entire equity interest of Xinhua TV Asia-Pacific at an aggregate consideration of approximately HK$700.0 million, comprising (a) issuance of 474,335,664 Shares to China Xinhua NNC at HK$0.196 per share; and (b) HK$607,030,210 by way of the issue of the convertible notes to China Xinhua NNC, Proud Glory Investments Limited and APT Satellite TV Development Limited at a conversion price of HK$0.196 per Share. The Group completed its very substantial acquisition (the "Acquisition") of the entire equity interest in Xinhua TV Asia-Pacific on 9 December 2011 and commenced the television broadcasting business since then.

The recoverable amounts of Xinhua TV Asia-Pacific as at 31 March 2019 and 2018, were determined with reference to a valuation conducted by an independent valuer, based on income-based approach, after considering the financial information of Xinhua TV Asia-Pacific as at 31 March 2019 and 2018, including but not limited to (i) the financial position of Xinhua TV Asia-Pacific and its subsidiaries as at 31 March 2019 and 2018; (ii) the total revenue derived from television broadcasting business; (iii) number of existing contracts and memorandum of understanding; and (iv) the market and industry condition. The recoverable amount of Xinhua TV Asia-Pacific has been determined on the basis of value in use calculation and is based on certain key assumptions. The value in use calculation is based on discounted cash flow projections prepared from financial budgets approved by the directors of the Company covering a 5-year period and a pre-tax discount rate of 22.14%. Cash flows beyond the 5-year period are extrapolated using a growth rate ranged from 2.5% to 10% for different countries and the growth rate does not exceed the average long-term growth rate for the industry. The discount rates used reflect specific risks to the segment. Other key assumptions for the value in use calculation related to the estimation of cash inflow and outflows include budgeted revenue and gross margin, such estimation is based on the past performance and management's expectations for the market development and possible business opportunities of television broadcasting business.

The recoverable amount of Xinhua TV Asia-Pacific approximated to the carrying amount of intangible assets, i.e., television broadcasting right as at 31 March 2019. Therefore, no impairment loss was recognised during the year ended 31 March 2019. To the best of knowledge and belief of the Directors, there had not been any change of valuation methodology and basis of valuation as at 31 March 2019 and no other changes in circumstance and reasons giving rise to changes in valuation approach. All changes of inputs were made to reflect the recent development of television broadcasting business as compared to that expected in previous years.

The recoverable amount of Xinhua TV Asia-Pacific approximated to the carrying amount of intangible assets, i.e., television broadcasting right as at 31 March 2018. Therefore, no impairment loss was recognised during the year ended 31 March 2018. To the best of knowledge and belief of the Directors, there had not been any change of valuation methodology, basis of valuation and assumptions as at 31 March 2018 and no other changes in circumstance and reasons giving rise to changes in valuation approach. All changes of inputs were made to reflect the recent development of television broadcasting business as compared to that expected in previous years.

Net loss

The net loss attributable to the owners of the Company for the year ended 31 March 2019 increased by approximately 42.5% to approximately HK$65.3 million (2018: approximately HK$45.8 million) as compared with that for the previous year. The increase in net loss was mainly resulted from decrease in gross profit and increase in fair value loss of financial assets at fair value through profit of loss for the year.

Loss per Share

The basic loss per Share for the year ended 31 March 2019 was approximately HK1.61 cents (2018: approximately HK1.13 cents).

Prospects

The Group anticipates that it is still a challenging year for the forthcoming year. The provision of civil engineering service business will continue to provide a stable source of revenue and remains the major contributor to revenue while the Group will continue to develop the television broadcasting business. The Group will continue to diversify the business spectrum and to broaden the revenue base of the Group.

Provision of civil engineering services

The Group is currently facing tougher operating environment in respect of provision of civil engineering services business. The construction industry in Hong Kong is very challenging in recent years due to the growing number of competitors for limited available tenders for construction works even though certain large projects would be launched by the Hong Kong Government. Furthermore, the shortage of supply of experienced labour and increase in raw material price would have adverse impact on the profitability of the Group.

Looking forward, the Group anticipates that the Hong Kong construction market will remain challenging with rising trend in subcontracting costs and intensive competition, which is expected to continue to place repeated pressure on the profit margin of the Group. In face of these risk factors, the Group is always cautiously monitoring the overall construction costs with respect to the works undertaken by the Group, providing more accurate basis for bidding and quotations of new construction contracts and reviewing the overall progress and performance of different construction contracts which are affected by various different situations including, but not limited to the overall market conditions, costs in the construction industry and the overall economy in Hong Kong. The Group will continue to exercise due care in the pursuance of this core business so as to balance the risks and opportunities in this industry and adjust its business strategies from time to time if required.

Television broadcasting business

The forthcoming financial year is expected to be challenging due to the competitive market conditions in the advertising industry. However, the Group is still prudently confident about the outlook and the prospects of the advertisement and culture market in Hong Kong and the Asia-Pacific. By capturing the opportunities of resume and new development of the "Belt and Road" initiative in the World recently, the Group aimed at speeding up the development of potential redevelopment of Chinese ancient architectures in countries or regions and co-operating with different investors of redevelopment of ancient architectures to produce documentary programmes of television broadcasting business. The Group will also stay alert of any changing business environment that may impact on its operations and its profitability. At the same time, the Group will evaluate and determine if any business strategy can be adopted in order to take advantage of growth opportunities as they arise in all regions. Looking forward, the Group will continue to differentiate itself in a strong position to capture any opportunities of advertising market by a balanced and synergistic approach and the Group will continue to explore cooperation and investment opportunities to enrich our business and broaden our income stream.

In light of increasing challenges due to market situations, the Group will continue to monitor market changes and is determined to enhance operation efficiency and capture market consolidation opportunities that come along. The Group will cautiously monitor its business segments and assess new opportunities with a view to delivering sustainable shareholders' returns. The Group will make use of experience gained in the current businesses and adhere its development strategy to explore potential business opportunities and expand the income streams of the Group.

Capital Structure

The Shares were listed on GEM on 30 August 2010. The capital of the Group comprises only ordinary shares.

Total equity attributable to the owners of the Company amounted to approximately HK$167.0 million in deficit as at 31 March 2019 (31 March 2018: approximately HK$131.3 million). The decrease in equity was mainly resulted from net loss for the year.

Liquidity and Financial Resources

During the year ended 31 March 2019, the Group generally financed its operations through internally generated cash flows.

As at 31 March 2019, the Group had net current assets of approximately HK$33.2 million (31 March 2018: net current liabilities of approximately HK$222.8 million), including cash balance of approximately HK$79.9 million (31 March 2018: approximately HK$70.3 million). The current ratio, being the ratio of current assets to current liabilities, was approximately 1.19 as at 31 March 2019 (31 March 2018: approximately 0.45). The increase in current ratio were primarily due to the fact that the promissory note and convertible notes were extended to 30 June 2020 and 9 December 2020 respectively and thus reclassified as non-current liabilities.

Gearing Ratio

The gearing ratio, which is based on the total amount of promissory note, convertible notes, finance lease payables and advance received from customers divided by total assets, was approximately 111.0 % as at 31 March 2019 (31 March 2018: approximately 102.1%).

Foreign Exchange Exposure

The group entities collect most of the revenue and incur most of the expenditures in their respective functional currencies. The Directors consider that the Group's exposure to foreign currency exchange risk is insignificant as the majority of the Group's transactions are denominated in the functional currency of each individual group entity. During the year ended 31 March 2019, the Group was mainly exposed to foreign currency exchange risk of Renminbi and the management mainly monitored the foreign currency exchange risk with advices from the Group's major banks.

Capital Commitment

As at 31 March 2019, the Group did not have any significant capital commitments (31 March 2018: nil).

Charges on the Group's Assets

As at 31 March 2019, the Group's motor vehicles with net book values amounted to approximately HK$0.1 million were held under finance lease. As at 31 March 2018, the Group's motor vehicles and machineries with net book values amounted to approximately HK$4.7 million and approximately HK$0.7 million respectively were held under finance lease.

Contingent Liabilities

As at 31 March 2019, the Group did not have any material contingent liabilities (31 March 2018: Nil).

Information on Employees

As at 31 March 2019, the Group had 234 full-time staff in Hong Kong and over 90% of them are direct labour. Total staff costs (including Directors' remuneration) for the year ended 31 March 2019 amounted to approximately HK$92.0 million (2018: approximately HK$101.7 million), representing a decrease of approximately 9.6% over that for the previous year. The decrease was mainly due to the effective cost control for the year.

Remuneration is determined with reference to the nature of job, performance, qualifications and experience of individual employees, as well as the result of the Group and the market trend. The Group carries out staff performance appraisal once a year and the assessment result is used for salary reviews and promotion decisions. The Group recognises the importance of staff training and thus regularly provides internal and external trainings for its staff to strength their skills and knowledge.

Significant Investment Held

As at 31 March 2018, the Group held 20% equity interest in the issued share capital of Beijing Hua Dong Express Rail Media Technology Limited*（北京華動高車傳媒科技有限公司）which is engaged in provision of audio and video mobile content services in Express Rail in the PRC as a long term investment. On 15 February 2019, the Group entered into a sale and purchase agreement pursuant to which the Group disposed of the entire 20% equity interest in the issued share capital of Beijing Hua Dong Express Rail Media Technology Limited*（北京華動高車傳媒科技有限公司）to an independent third party at approximately RMB1.07 million. The disposal has been completed in April 2019.

Except for investment in subsidiaries and the investment as disclosed above, during the year ended 31 March 2019 and as at the end of the reporting period, the Group did not hold any significant investment in equity interest in any company.

Future Plans for Material Investments and Capital Assets

As at 31 March 2019, the Group did not have other plans for material investments and capital assets.

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

During the year ended 31 March 2019, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 March 2019.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 5 August 2019 to Friday, 9 August 2019, both days inclusive. During this period, no transfer of Shares will be registered. In order to attend and vote at the AGM, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Tricor Investor Services Limited, at level 22, Hopewell Centre, 183 Queens's Road East, Wanchai, Hong Kong (and with effect from 11 July 2019 onwards, at level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong) not later than 4:30 p.m. on Friday, 2 August 2019.

PURCHASE, SALE OR REDEMPTION OF THE SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Shares during the year ended 31 March 2019.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and enhance the performance of the Group.

The Company has applied the principles and code provisions in the Code on Corporate Governance Practices (the "Code") as set out in Appendix 15 to the GEM Listing Rules.

In the opinion of the Board, the Company has complied with the Code throughout the year ended 31 March 2019, except for paragraphs A.2.7 and A.6.7 of the Code. This announcement further illustrates in detail as to how the Code was applied, inclusive of the considered reasons for any deviation throughout the year ended 31 March 2019.

Paragraph A.2.7 of the Code provides that the chairman should at least annually hold meetings with the independent non-executive Directors without the executive Directors and non-executive Directors present. Although the chairman did not hold a meeting with the independent non-executive Directors, excluding the executive Directors and non-executive Directors during the year ended 31 March 2019, he delegated the company secretary to gather any concerns and/or questions that the independent non-executive Directors might have and report to him for setting up follow-up meetings, whenever necessary, in due course.

Paragraph A.6.7 of the Code requires that independent non-executive directors and non-executive directors shall attend general meetings and develop a balanced understanding of the views of shareholders.

A non-executive Director, namely Ms. Tang Li, did not attend the annual general meeting of the Company held on 8 August 2018 due to overseas commitment and pre-arranged business engagements. Other Board members, the chairmen of the relevant Board committees and the external auditor of the Company also attended the annual general meeting to inter-face with, and answer questions from the Shareholders.

A non-executive Director, namely Ms. Tang Li, did not attend the extraordinary general meeting of the Company held on 12 February 2019 due to overseas commitment and pre-arranged business engagements. Other Board members and the chairmen of the relevant Board committees also attended the extraordinary general meeting to inter-face with, and answer questions from the Shareholders.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed above, no significant event has taken place subsequent to 31 March 2019 and up to the date of this announcement.

AUDIT COMMITTEE

The Company has established an audit committee (the "Audit Committee") on 11 August 2010 with terms of reference in compliance with paragraph C.3.3 of the Code.

The primary duties of the Audit Committee include, among other things, reviewing and supervising the financial reporting process and internal control systems, as well as the overall risk management of the Group, reviewing the financial statements and the quarterly, interim and annual reports of the Group, and reviewing the terms of engagement and scope of audit work of the external auditors.

The composition of the Audit Committee is as follows:

Independent non-executive Directors
Mr. Wong Chung Yip, Kenneth *(Chairman)*
Mr. Wu Guo Ming
Mr. Wan Chi Keung, Aaron, *BBS, JP*

Non-executive Directors
Ms. Tang Li
Mr. Law Cheuk Hung

The members of the Audit Committee possess diversified industry experience and the chairman of the Audit Committee has appropriate professional qualifications and experience in accounting matters.

The Audit Committee had reviewed the Financial Statements and is of the opinion that the preparation of such statements complied with the applicable accounting standards and that adequate disclosures have been made.

* *For identification purpose only*

By Order of the Board
CNC Holdings Limited
Li Yong Sheng
Vice Chairman & CEO

Hong Kong, 19 June 2019

As at the date of this announcement, the Directors are Dr. Jiang Yan[1] (Chairman), Dr. Li Yong Sheng[1] (Vice Chairman and Chief Executive Officer), Mr. Liu Da Yong[1], Mr. Kan Kwok Cheung[1], Ms. Tang Li[2], Mr. Law Cheuk Hung[2], Mr. Fan Chun Wah, Andrew, JP[3], Mr. Wu Guo Ming[3], Mr. Wan Chi Keung, Aaron, BBS, JP[3] and Mr. Wong Chung Yip, Kenneth[3].

[1] *Executive Director*
[2] *Non-executive Director*
[3] *Independent non-executive Director*

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 day of its posting and the Company's website at http://www.cnctv.hk.