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 2012

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET OF THE STOCK EXCHANGE OF HONG KONG LIMITED

GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, 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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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	2012 *HK$'000*	2011 *HK$'000*
Revenue	18.8%	**218,961**	184,307
Gross profit	–81.6%	**4,077**	22,200
(Loss)/profit before income tax	N/A	**(707,976)**	11,664
(Loss)/profit attributable to owners of the Company	N/A	**(704,897)**	9,746
Basic (loss)/earnings per Share	N/A	**(55.16)**	1.09
Dividend per Share (HK cents)	N/A	**N/A**	0.33

Consolidated Financial Position

At 31 March

	Changes	2012 *HK$'000*	2011 *HK$'000*
Total assets	1,086.3%	**880,498**	74,224
Cash and cash equivalents	–38.3%	**10,011**	16,233
Total liabilities	2,747.7%	**810,005**	28,444
Equity attributable to owners of the Company	54.0%	**70,493**	45,780

Ratios

At 31 March

	2012	2011
Return on equity *(Note a)*	**-1,000.0%**	21.3%
Return on assets *(Note b)*	**-80.1%**	13.1%
Current ratio *(Note c)*	**1.09 times**	2.31 times
Gearing ratio *(Note d)*	**72.3%**	9.2%

Notes:

(a) Return on equity is calculated as net (loss)/profit divided by shareholders' equity.

(b) Return on assets is calculated as net (loss)/profit 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 bank borrowings, promissory note, Convertible Notes, obligations under finance lease 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 New Media"	China New Media (HK) Company Limited, a company incorporated in Hong Kong
"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
"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
"Convertible Notes"	the convertible notes issued by the Company for partial settlement of the consideration for the acquisition of Xinhua TV Asia-Pacific and its subsidiaries
"Director(s)"	director(s) of the Company
"Financial Statements"	the audited financial statements of the Group for the year ended 31 March 2012
"GEM"	the Growth Enterprise Market 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
"Listing"	the listing of the Shares on GEM on 30 August 2010
"Mr. Chia"	Mr. Chia Thien Loong, Eric John (謝天龍), an executive Director
"Mr. Kan"	Mr. Kan Kwok Cheung (簡國祥), an executive Director
"PRC"	the People's Republic of China, excluding Hong Kong, Macau Special Administrative Region of the People's Republic of China and Taiwan
"Prospectus"	the Company's listing prospectus dated 20 August 2010
"Share(s)"	ordinary share(s) of the Company
"Share Option Scheme"	the share option scheme of the Company adopted on 11 August 2010

"Share Subdivision"	the subdivision of each of the issued and unissued Share of HK$0.01 each into 10 new Shares of HK$0.001 each with effect from 23 December 2010
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"TY Civil"	Tsun Yip Civil Construction Company Limited (進業土木工程有限公司), a company incorporated in Hong Kong with limited liability on 16 June 2000 and an indirect wholly-owned subsidiary of the Company
"WSD"	Water Supplies Department of the Government (水務署)
"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 2012 together with the comparative figures for 2011 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2012

	Notes	**2012** *HK$'000*	2011 *HK$'000*
Revenue	4	**218,961**	184,307
Cost of services		**(214,884)**	(162,107)
Gross profit		**4,077**	22,200
Other revenue	4	**217**	544
Administrative expenses		**(32,735)**	(10,739)
(Loss)/profit from operations	6	**(28,441)**	12,005
Finance costs	7	**(13,852)**	(341)
Impairment loss recognised in respect of goodwill		**(665,683)**	—
(Loss)/profit before income tax		**(707,976)**	11,664
Income tax	8	**3,079**	(1,918)
(Loss)/profit for the year and total comprehensive (loss)/ income attributable to owners of the Company		**(704,897)**	9,746
(Loss)/earnings per Share attributable to owners of the Company			
— Basic and diluted (HK cents)	10	**(55.16)**	1.09

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2012

	Notes	2012 HK$'000	2011 HK$'000
Non-current assets			
Property, plant and equipment		**20,648**	12,711
Goodwill		**151,194**	—
Intangible assets		**549,306**	—
Available-for-sale financial assets		**67,141**	—
		788,289	12,711
Current assets			
Inventories		**22,286**	16,180
Trade and other receivables	11	**56,773**	26,779
Pledged bank deposits		**2,005**	2,000
Tax recoverable		**1,134**	321
Cash and cash equivalents		**10,011**	16,233
		92,209	61,513
Total assets		**880,498**	74,224
Current liabilities			
Trade and other payables	13	**77,616**	22,008
Finance lease payables		**1,676**	748
Borrowings		**3,208**	2,733
Employee benefits		**1,951**	897
Current tax liabilities		**—**	273
		84,451	26,659
Net current assets		**7,758**	34,854
Total assets less current liabilities		**796,047**	47,565
Non-current liabilities			
Other payables	13	**866**	—
Finance lease payables		**2,530**	244
Promissory note		**42,336**	—
Convertible notes		**584,365**	—
Deferred tax liabilities		**95,457**	1,541
		725,554	1,785
Total liabilities		**810,005**	28,444
Net assets		**70,493**	45,780
Capital and reserves			
Share capital	14	**1,664**	992
Reserves	15	**68,829**	44,788
Total equity		**70,493**	45,780

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2012

	Share capital HK$'000 (Note 14)	Share premium account HK$'000 (Note 15)	Convertible Notes equity reserves HK$'000 (Note 15)	Share options reserves HK$'000 (Note 15)	Other reserves HK$'000 (Note 15)	Retained earnings/ (accumulated losses) HK$'000 (Note 15)	Proposed dividend HK$'000 (Note 15)	Total equity HK$'000
At 1 April 2010	9,868	—	—	—	—	8,472	4,000	22,340
Profit and total comprehensive income for the year	—	—	—	—	—	9,746	—	9,746
Reorganisation	(9,868)	—	—	—	9,868	—	—	—
Issue of Shares pursuant to the placing	248	31,496	—	—	—	—	—	31,744
Share placement expenses	—	(10,776)	—	—	—	—	—	(10,776)
Capitalisation of share premium account	744	(744)	—	—	—	—	—	—
2010 final dividend paid	—	—	—	—	—		(4,000)	(4,000)
2011 first interim dividend paid	—	—	—	—	—	(1,984)	—	(1,984)
2011 second interim dividend paid	—	—	—	—	—	(1,290)	—	(1,290)
At 31 March 2011 and 1 April 2011	992	19,976	—	—	9,868	14,944	—	45,780
Loss and total comprehensive loss for the year	—	—	—	—	—	(704,897)	—	(704,897)
Issue of Shares pursuant to the placing	198	34,125	—	—	—	—	—	34,323
Share placement expenses	—	(1,003)	—	—	—	—	—	(1,003)
Issue of Convertible Notes upon acquisition of subsidiaries	—	—	20,997	—	—	—	—	20,997
Deferred tax arising from issue of Convertible Notes	—	—	(3,464)	—	—	—	—	(3,464)
Expenses paid in connection with issue of Convertible Notes upon acquisition of subsidiaries	—	—	(152)	—	—	—	—	(152)
Issue of Shares upon acquisition of subsidiaries	474	673,082	—	—	—	—	—	673,556
Expenses paid in connection with issue of Shares upon acquisition of subsidiaries	—	(674)	—	—	—	—	—	(674)
Equity-settled share options arrangement	—	—	—	6,027	—	—	—	6,027
Release of share options reserves upon cancellation of equity-settled share options arrangement	—	—	—	(6,027)	—	6,027	—	—
At 31 March 2012	**1,664**	**725,506**	**17,381**	**—**	**9,868**	**(683,926)**	**—**	**70,493**

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 Rooms 2601–2605, 26/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong respectively.

The principal activity of the Company is investment holdings and provision of management services. The principal activities of its subsidiaries are the provision of waterworks engineering services, road works and drainage services and site formation works for the public sector in Hong Kong. During the current year, the Group commenced 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.

On 3 February 2012, the Company announced that the name of the Company has been changed from "Tsun Yip Holdings Limited 進業控股有限公司" to "CNC Holdings Limited 中國新華電視控股有限公司" with effective from 16 January 2012.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") have been applied by the Group in the current year and have affected the presentation and disclosures set out in the Financial Statements. A summary of the new and revised HKFRSs are set out as below:

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HKAS 24 (as revised in 2009)	Related Party Disclosures
HKAS 32 (Amendments)	Amendments to HKAS 32 Financial Instruments: Presentation — Classification of Rights Issues
HK(IFRIC) — Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement
HK(IFRIC) — Int 19	Extinguishing Financial Liabilities with Equity Instruments

The application of these new and revised HKFRSs has not had any material impact on the Group's financial performance and positions for the current and prior years but may affect the accounting for future transactions or arrangement. The impact of the application of these new and revised HKFRSs is discussed below:

HKAS 24 (revised 2009) simplifies the definition of "related party" and removes inconsistencies, which emphasises a symmetrical view of related party transactions. The revised standard also provides limited relief from disclosure of information by government-related entities in respect of transactions with the government to which the group is related, or transactions with other entities related to the same government. These amendments have had no material impact on the Financial Statements.

Improvements to HKFRSs (2010) omnibus standard introduces a number of amendments to the disclosure requirements in HKFRS 7, Financial instruments: Disclosures. These amendments do not have any material impact on the classification, recognition and measurements of the amounts recognised in the Financial Statements in the current and previous periods.

New and revised HKFRSs in issue but not yet effective

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

HKAS 1 (Amendments)	Presentation of items in Other Comprehensive Income[3]
HKAS 12 (Amendments)	Deferred Tax — Recovery of Underlying Assets[2]
HKAS 19 (2011)	Employee Benefits[4]
HKAS 27 (2011)	Separate Financial Statements[4]
HKAS 28 (2011)	Investments in Associates and Joint Ventures[4]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[5]
HK(IFRIC) — Int 20	Stripping Costs in Production Phase of Surface Mine[4]
HKFRS 7 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosure[6]
HKFRS 7 (Amendments)	Disclosures — Transfers of Financial Assets[1]
HKFRS 7 (Amendments)	Disclosures — Offsetting Financial Assets and Financial Liabilities[4]
HKFRS 9	Financial Instruments[6]
HKFRS 10	Consolidated Financial Statements[4]
HKFRS 11	Joint Arrangements[4]
HKFRS 12	Disclosures of Interests in Other Entities[4]
HKFRS 13	Fair Value Measurement[4]

[1] Effective for annual periods beginning on or after 1 July 2011.
[2] Effective for annual periods beginning on or after 1 January 2012.
[3] Effective for annual periods beginning on or after 1 July 2012.
[4] Effective for annual periods beginning on or after 1 January 2013.
[5] Effective for annual periods beginning on or after 1 January 2014.
[6] Effective for annual periods beginning on or after 1 January 2015.

HKFRS 9 Financial Instruments (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 Financial Instruments (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

The Directors anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for the annual period beginning 1 April 2015 and that the application of the new standard may have a significant impact on amounts reported in respect of the Group's financial assets. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

The amendments to HKFRS 7 titled Disclosures — Transfers of Financial Assets increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The Directors do not anticipate that these amendments to HKFRS 7 will have a significant effect on the Group's disclosures regarding transfers of trade receivables previously affected. However, if the Group enters into other types of transfers of financial assets in the future, disclosures regarding those transfers may be affected.

For other new and revised HKFRSs which are issued but not yet effective, the Group is in the process of making an assessment of the impact upon initial application. The Group is not yet in a position to state whether they would have a significant impact on the Group's results of operations and financial position.

3. BASIS OF PREPARATION

Group reorganisation

Under a group reorganisation scheme (the "Reorganisation") to rationalise the structure of the Group in preparation for the Listing, the Company became the holding company of the companies now comprising the Group on 11 August 2010.

Details of the Reorganisation are set out in the paragraph headed "Further information about the Company and its subsidiaries" in Appendix V to the Prospectus.

The Group resulting from the Reorganisation is regarded as a continuing entity. Accordingly, the consolidated financial statements of the Group have been prepared on a combined basis by applying the principles of merger accounting in accordance with the Accounting Guideline No. 5 "Merger Accounting for Common Control Combination" issued by the HKICPA. The Financial Statements have been prepared as if the current group structure had been in existence throughout the year ended 31 March 2011 or from the respective dates of incorporation of the companies comprising the Group, where there is a shorter period.

Basis of presentation

The Financial Statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards (" HKASs") and Interpretations (hereinafter collectively referred to as "HKFRSs") issued by the HKICPA and the disclosure requirements of Hong Kong Companies Ordinance. In addition, the Financial Statements include applicable disclosures required by the GEM Listing Rules.

The Financial Statements have been prepared under the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The Financial Statements are presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company.

The accounting policies and methods of computation used in the preparation of the Financial Statements are consistent with those adopted in the annual report for the year ended 31 March 2011, except for the application of new and revised HKFRSs as disclosed in note 2.

4. REVENUE AND OTHER REVENUE

	2012	2011
	HK$'000	*HK$'000*
Revenue		
Turnover — revenue from construction works	**218,961**	184,307
Other revenue		
Interest income	**8**	3
Sundry income	**209**	541
	217	544

5. SEGMENT INFORMATION

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 provided.

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

(ii) Television broadcasting business — the business of broadcasting television programmes on television channels operated by television broadcasting companies in return for advertising and related revenue.

Each of these operating segments is managed separately as each of the product 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 segment.

For the year ended 31 March 2012

	Provision of waterworks and civil services	**Television broadcasting business**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
Revenue from external customers	**218,961**	**—**	**218,961**
Other revenue	**209**	**—**	**209**
Reportable segment revenue	**219,170**	**—**	**219,170**
Reportable segment results	**15,106**	**(693,902)**	**(678,796)**
Unallocated corporate income			**8**
Unallocated corporate expenses			**(15,336)**
Finance costs			**(13,852)**
Loss before income tax			**(707,976)**

For the year ended 31 March 2011

	Provision of waterworks and civil services *HK$'000*	Television broadcasting business *HK$'000*	Total *HK$'000*
Revenue from external customers	184,307	—	184,307
Other revenue	541	—	541
Reportable segment revenue	184,848	—	184,848
Reportable segment results	13,263	—	13,263
Unallocated corporate income			3
Unallocated corporate expenses			(1,261)
Finance costs			(341)
Profit before income tax			11,664

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2011: nil).

Segment profit/(loss) respects the profit earned/loss incurred by each segment without allocation of interest income, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

At 31 March 2012

	Provision of waterworks and civil services ***HK$'000***	**Television broadcasting business** ***HK$'000***	**Total** ***HK$'000***
Segment assets	**95,144**	**701,871**	**797,015**
Unallocated			**83,483**
Consolidated assets			**880,498**
Segment liabilities	**49,653**	**13,609**	**63,262**
Unallocated			**746,743**
Consolidated liabilities			**810,005**

At 31 March 2011

	Provision of waterworks and civil services *HK$'000*	Television broadcasting business *HK$'000*	Total *HK$'000*
Segment assets	55,536	—	55,536
Unallocated			18,688
Consolidated assets			74,224
Segment liabilities	22,733	—	22,733
Unallocated			5,711
Consolidated liabilities			28,444

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

- all assets are allocated to operating segments other than items of available-for-sale financial assets, cash and cash equivalents, current tax recoverables and assets for corporate use. Goodwill is allocated to television broadcasting business; and

- all liabilities are allocated to operating segments other than borrowings, Convertible Notes, current and deferred tax liabilities, finance lease liabilities and promissory note.

Other segment information

For the year ended 31 March 2012

	Provision of waterworks and civil services *HK$'000*	**Television broadcasting business** *HK$'000*	**Total** *HK$'000*
Additions to non-current assets	**15,082**	**567,000**	**582,082**
Depreciation of property, plant and equipment	**7,089**	**—**	**7,089**
Loss on disposal of property, plant and equipment	**49**	**—**	**49**
Amortisation of intangible assets	**—**	**17,694**	**17,694**
Impairment loss recognised in respect of goodwill	**—**	**665,683**	**665,683**

For the year ended 31 March 2011

	Provision of waterworks and civil services *HK$'000*	Television broadcasting business *HK$'000*	Total *HK$'000*
Additions to non-current assets	4,582	—	4,582
Depreciation of property, plant and equipment	5,052	—	5,052
Loss on disposal of property, plant and equipment	127	—	127

Information about geographical areas

As all of the Group's turnover is derived from customers based in Hong Kong and all the Group's identifiable assets and liabilities are located in Hong Kong, no geographical segment information is presented in accordance with HKFRS 8 Operating Segments.

Information about major customers

Included in revenue arising from provision of waterworks and civil services of approximately HK$218,961,000 (2011: HK$184,307,000) are revenue generated from three (2011: two) customers amounting to approximately HK$218,390,000 (2011: HK$180,865,000). Each customer has individually accounted for over 10% of the Group's total revenue. No other single customer contributed 10% or more to the Group's revenue for both 2012 and 2011.

Revenue from major customers is as follows:

	2012	2011
	HK$'000	*HK$'000*
Customer A	**56,642**	27,467
Customer B	**79,705**	153,398
Customer C	**82,043**	—
Others	**571**	3,442
	218,961	184,307

6. (LOSS)/PROFIT FROM OPERATIONS

(Loss)/profit from operations has been arrived at after charging:

	2012	2011
	HK$'000	*HK$'000*
Contract costs recognised as expense, including nil borrowing costs (2011: HK$57,000)	**194,999**	162,107
Amortisation of intangible assets (included in cost of services)	**17,694**	—
Television broadcasting rights fee and television satellite fees (included in cost of services)	**2,191**	—
Auditors' remuneration	**500**	670
Depreciation of property, plant and equipment	**7,089**	5,052
Loss on disposal of property, plant and equipment	**49**	127
Staff costs	**55,762**	38,325
Share-based payment expenses	**6,027**	—
Operating lease rentals in respect of rented premises	**2,510**	1,078

7. FINANCE COSTS

	2012	2011
	HK$'000	*HK$'000*
Interest on:		
Finance leases payables	**162**	243
Borrowings wholly repayable within five years	**116**	98
Advance payment from a customer	**—**	57
Promissory note	**1,542**	—
Convertible Notes	**12,032**	—
	13,852	398
Less: Amount classified as contract costs	**—**	(57)
	13,852	341

8. INCOME TAX

The amount of income tax in the consolidated statement of comprehensive income represents:

	2012	2011
	HK$'000	*HK$'000*
Current tax — Hong Kong Profits Tax		
— tax for the year	**—**	2,005
— under-provision in respect of prior years	**24**	30
	24	2,035
Deferred tax		
— current year	**(3,103)**	(117)
Income tax	**(3,079)**	1,918

Hong Kong profits tax is calculated at 16.5% (2011: 16.5%) on the estimated assessable profits for the year.

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

No provision for Macau profits tax has been made as the subsidiary incorporated in Macau had no assessable profit arising in Macau during the year.

The income tax for the year can be reconciled to the (loss)/profit before income tax per the consolidated statement of comprehensive income as follows:

	2012		2011	
	HK$'000	**%**	*HK$'000*	%
(Loss)/profit before income tax	**(707,976)**		11,664	
Tax calculated at rates applicable to profits in the countries concerned	**(116,816)**	**16.5**	1,925	16.5
Tax effect of expenses not deductible for tax purposes	**112,855**	**(15.9)**	211	1.8
Tax effect of other temporary difference not recognised	**(27)**	**—**	(248)	(2.1)
Tax effect of tax loss not recognised	**885**	**(0.1)**	—	—
Under-provision in respect of prior years	**24**	**—**	30	0.2
Income tax (credit)/expense for the year	**(3,079)**	**0.5**	1,918	16.4

9. DIVIDENDS

	2012	2011
	HK$'000	*HK$'000*
Dividends distributed by the Company *(note (i))*	**—**	3,274
Dividends distributed by the subsidiaries *(note (ii))*	**—**	4,000
	—	7,274

Notes:

(i) The Directors declared and paid the first interim dividend of HK0.2 cent per Share and second interim dividend of HK0.13 cent per Share, totalling HK$1,984,000 and HK$1,289,600 respectively for the year ended 31 March 2011.

(ii) The amount represented dividends declared and paid by the Company's subsidiaries to their then shareholders prior to the Listing of the Company's Shares on 30 August 2010. The rates of dividends and the number of shares ranking for dividends are not presented as such information is not meaningful for the purpose of the annual financial statements.

(iii) The Board does not recommend the payments of any dividend in respect of the year ended 31 March 2012.

10. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic and diluted (loss)/earnings per Share attributable to owners of the Company is based on the following data:

	2012	2011
	HK$'000	*HK$'000*
(Loss)/earnings for the purpose of basic and diluted (loss)/earnings per Share	**(704,897)**	9,746

	Number of shares	
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per Share	**1,277,973**	890,762

Diluted loss per Share for the year ended 31 March 2012 is the same as the basic loss per Share as the Convertible Notes outstanding at the end of the reporting period had an anti-dilutive effect on the basic loss per Share.

For the year ended 31 March 2011, basic earnings per Share was the same as diluted earnings per Share as there was no dilutive potential ordinary share outstanding during the year.

The weighted average number of Shares used in the calculation of basic and diluted earnings per Share for the year ended 31 March 2011 has been adjusted for the Share Subdivision effective on 23 December 2010.

11. TRADE AND OTHER RECEIVABLES

	2012	2011
	HK$'000	*HK$'000*
Trade receivables *(note (i), (iii))*	**18,387**	3,026
Retention receivables *(note (ii), (iii)), (note 12)*	**7,765**	6,425
Other receivables and prepayments *(note (iv))*	**11,994**	5,424
Amounts due from customers for contract works *(note 12)*	**15,497**	10,967
Deposits	**3,130**	937
	56,773	26,779

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. These customers have established good track records with the Group and have no history of default payments. On this basis, management of the Company believes that no impairment allowance is necessary in respect of the trade receivables as at the end of reporting period. The Group does not hold any collateral over these balances.

Included in trade and other receivables are trade receivables (net of impairment losses) with the following ageing analysis as of the end of reporting period:

	2012	2011
	HK$'000	*HK$'000*
Current	**18,387**	3,026

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

The balance of trade receivables is neither past due nor impaired.

(ii) 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 including the retention 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) It mainly consists of prepayments for insurance and advance payment to subcontractors.

12. AMOUNTS DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORKS

	2012	2011
	HK$'000	*HK$'000*
Contracts in progress at the end of the reporting period:		
Contract costs incurred to date plus recognised profits	**563,963**	377,190
Less: recognised losses	**—**	—
	563,963	377,190
Progress billings	**(564,766)**	(366,223)
	(803)	10,967
Analysed for reporting purposes as:		
Amounts due from customers for contract works *(note 11)*	**15,497**	10,967
Amounts due to customers for contract works *(note 13)*	**(16,300)**	—
	(803)	10,967

"Contract costs incurred to date plus recognised profits" comprise direct materials, costs of subcontracting, direct labour, an appropriate portion of variable and fixed construction overheads and gross profit earned to date of the contracts, which is measured by reference to the certification by architects.

"Progress billings" represent the amounts billed to the customers for work performed up to the end of reporting period.

At 31 March 2012, retentions held by customers for contract works included in other receivables (note 11) amounted to HK$7,765,000 (2011: HK$6,425,000).

At 31 March 2012, advances received from customers included in other payables (note 13) under current liabilities amounted to HK$2,200,000 (2011: HK$3,129,000).

13. TRADE AND OTHER PAYABLES

	2012	2011
	HK$'000	*HK$'000*
Trade payables	**19,721**	11,083
Retention money payables	**3,610**	2,237
Advances received from customers *(note (i)) (note 12)*	**2,200**	3,129
Amounts due to customers for contract works *(note 12)*	**16,300**	—
Amount due to a Shareholder *(note (ii) and (iii))*	**11,017**	145
Deferred revenue	**500**	—
Interest payable	**10,320**	—
Amount due to a related party *(note (iv))*	**2,009**	—
Other payables and accruals	**12,805**	5,414
	78,482	22,008
Less: Interest payable — non-current portion	**(866)**	—
	77,616	22,008

Notes:

(i) Advances received from customers are unsecured, interest free and repayable on demand.

(ii) Amount due to a Shareholder as at 31 March 2011 represented the dividend payable to a Shareholder, which is unsecured, interest-free and repayable on demand.

(iii) Amount due to a Shareholder as at 31 March 2012 represented amount due to a major Shareholder, China Xinhua NNC, which is unsecured, interest-free and repayable on demand.

(iv) Amount due to a related party as at 31 March 2012 represented 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 credit term. Based on the invoice date, ageing analysis of trade payables at the end of the reporting period is as follows:

	2012	2011
	HK$'000	*HK$'000*
Current or less than 1 month	**11,917**	8,503
1 to 3 months	**35**	2,322
More than 3 months but less than 12 months	**7,497**	35
More than 12 months	**272**	223
	19,721	11,083

14. SHARE CAPITAL

		Number of shares		Nominal value
	Notes	*At HK$0.01 each*	*At HK$0.001 each*	*HK$'000*
Authorised:				
At 1 April 2010		38,000,000	—	380
Increase in authorised share capital	*(a)*	49,962,000,000	—	499,620
Effect of Share Subdivision to HK$0.001 each	*(d)*	(50,000,000,000)	500,000,000,000	—
At 31 March 2011, 1 April 2011 and 31 March 2012		—	500,000,000,000	500,000
Issued and fully paid:				
At 1 April 2010		—	—	9,868
Reorganisation		—	—	(9,868)
Issue of Shares in connection with the Reorganisation		1,000	—	—
Issue of Shares pursuant to the placing	*(b)*	24,800,000	—	248
Capitalisation of share premium account	*(c)*	74,399,000	—	744
Effect of Share Subdivision	*(d)*	(99,200,000)	992,000,000	—
At 31 March 2011 and 1 April 2011		—	992,000,000	992
Issue of Shares pursuant to the placing	*(e)*	—	198,400,000	198
Issue of Shares pursuant to acquisition of subsidiaries	*(f)*	—	474,335,664	474
At 31 March 2012		**—**	**1,664,735,664**	**1,664**

Notes:

(a) Pursuant to the written resolutions of all the Shareholders passed on 11 August 2010, the authorised share capital of the Company was increased from HK$380,000 to HK$500,000,000 by the creation of additional 49,962,000,000 Shares of HK$0.01 each which ranked pari passu in all respects with the Shares then in issue.

(b) On 30 August 2010, 24,800,000 Shares of HK$0.01 each were issued by way of placing at a price of HK$1.28 per Share for cash consideration of HK$31,744,000. The excess of the placing price over the par value of the Shares issued was credited to the share premium account.

(c) On 30 August 2010, an aggregate of 74,339,000 Shares of HK$0.01 each were allotted, issued at par and fully paid to the Shareholders whose names appeared on the register of members of the Company as at 11 August 2010 by way of capitalisation of a total sum of HK$743,990 out of the share premium account of the Company arising from the placing.

(d) On 22 December 2010, an ordinary resolution was passed by the Shareholders at an extraordinary general meeting of the Company pursuant to which each of the issued and unissued Share of HK$0.01 each was sub-divided into 10 new Shares of HK$0.001 each with effect from 23 December 2010.

(e) On 21 July 2011, 198,400,000 Shares of HK$0.001 each were issued by way of placing at a price of HK$0.173 per Share for cash consideration of HK$34,323,000. The excess of the placing price over the par value of the Shares issued was credited to the share premium account.

(f) On 9 December 2011, 474,335,664 Shares of HK$0.001 each were issued at a price of HK$1.42 per Share as part of the consideration for acquisition of subsidiaries. The excess of the issue price over the par value of the Shares issued was credited to the share premium account.

15. RESERVES

	Share premium account HK$'000	Convertible Notes equity reserves HK$'000	Share options reserves HK$'000	Other reserves HK$'000	Retained earnings/ (accumulated losses) HK$'000	Proposed dividend HK$'000	Total HK$'000
At 1 April 2010	—	—	—	—	8,472	4,000	12,472
Profit and total comprehensive income for the year	—	—	—	—	9,746	—	9,746
Reorganisation	—	—	—	9,868	—	—	9,868
Issue of Shares pursuant to the placing	31,496	—	—	—	—	—	31,496
Share placement expenses	(10,776)	—	—	—	—	—	(10,776)
Capitalisation of share premium account	(744)	—	—	—	—	—	(744)
Dividends paid during the year	—	—	—	—	(3,274)	(4,000)	(7,274)
At 31 March 2011 and 1 April 2011	19,976	—	—	9,868	14,944	—	44,788
Loss and total comprehensive loss for the year	—	—	—	—	(704,897)	—	(704,897)
Issue of Shares pursuant to the placing	34,125	—	—	—	—	—	34,125
Share placement expenses	(1,003)	—	—	—	—	—	(1,003)
Issue of Convertible Notes upon acquisition of subsidiaries	—	20,997	—	—	—	—	20,997
Deferred tax arising from issue of Convertible Notes	—	(3,464)	—	—	—	—	(3,464)
Expenses paid in connection with issue of Convertible Notes upon acquisition of subsidiaries	—	(152)	—	—	—	—	(152)
Issue of Shares upon acquisition of subsidiaries	673,082	—	—	—	—	—	673,082
Expenses paid in connection with issue of Shares upon acquisition of subsidiaries	(674)	—	—	—	—	—	(674)
Equity-settled share options arrangement	—	—	6,027	—	—	—	6,027
Release of share options reserves upon cancellation of equity-settled share options arrangement	—	—	(6,027)	—	6,027	—	—
At 31 March 2012	**725,506**	**17,381**	**—**	**9,868**	**(683,926)**	**—**	**68,829**

16. RELATED PARTY TRANSACTIONS

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

Related party relationship	**Type of transaction**	**2012** *HK$'000*	2011 *HK$'000*
A company that Mr. Chia had material interest	Rental expenses for an office premise paid *(note (i))*	**103**	48
	Service fee for announcement posting agreement	**7**	9
	Company secretarial fees paid	**116**	—
Mr. Kan	Shareholder's loan to the Company *(note (ii))*	**—**	4,040
China Xinhua NNC	Annual fee for television broadcasting right *(note (iii))*	**312**	—

Notes:

(i) Rental expense was charged at a term mutually agreed between the Group and the related company.

(ii) The loan was repaid to Mr. Kan on 11 September 2010.

(iii) 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 HK$1,000,000 payable by Xinhua TV Asia-Pacific to China Xinhua NNC prior to 31 December 2016, and HK$3,000,000 payable by Xinhua TV Asia-Pacific to China Xinhua NNC with effect from 1 January 2017.

One of the Directors, 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.

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 of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is principally engaged in the provision of waterworks engineering services, road works and drainage services and site formation works for the public sector in Hong Kong. Following the completion of acquisition of subsidiaries which are principally engaged in the business of television broadcasting on 9 December 2011, the Group diversified its business to media industry by providing television broadcasting and advertising services in the Asia Pacific region (excluding the PRC).

During the year ended 31 March 2012, the Group continued to focus on rendering waterworks engineering services to the public sector in Hong Kong and at the same time, commenced to develop its business on television broadcasting in return for advertising and related revenue.

During the year ended 31 March 2012, the Group has been undertaking two main contracts and five subcontracts, all of which are related to provision of waterworks engineering services. Details of the contracts undertaken are set out below:

Contract number	**Particulars of contract**	**Client**	**Contract period under main contracts**	
Main contracts				
9/WSD/09	Replacement and rehabilitation of water mains stage 3 — mains in Sai Kung	WSD	May 2010–Nov 2012	
8/WSD/11	Construction of Pak Shek Kok Fresh Water Service Reservoir Extension	WSD	Dec 2011–Mar 2014	
Subcontracts				**Total contract value**
21/WSD/06	Replacement and rehabilitation of water mains stage 2 — mains in Tai Po and Fanling	Ming Hing Civil Contractors Limited	Aug 2007–Sep 2012	HK$1,132.7 million
18/WSD/08	Replacement and rehabilitation of water mains stage 3 — mains on Hong Kong Island South and outlying islands	Ming Hing Civil Contractors Limited	Mar 2009–Sep 2013	**Total amount of works certified** *(Note)*
1/WSD/09(W)	Term contract for Waterworks District W — New Territories West	Ming Hing Civil Contractors Limited	Sep 2009–Aug 2012	HK$571.3 million
16/WSD/09	Salt water supply for Northwest New Territories, mainlaying in Yuen Long	China Geo-China Harbour Joint Venture	Feb 2010–Mar 2014	
8/WSD/10	Replacement and rehabilitation of water mains, stage 4 phase 1 — mains in Tuen Mun, Yuen Long, North District and Tai Po	Hsin Chong Construction Company Limited	Apr 2011–Dec 2015	

Note:

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

Among the above seven contracts, one main contract (contract numbered 8/WSD/11) and one subcontract (contract numbered 8/WSD/10) were newly awarded during the year ended 31 March 2012.

During the year under review, the two subcontracts with contracts numbered 8/WSD/10 and 18/WSD/08 were the main contributors to the Group's revenue, which generated approximately HK$82.0 million and HK$56.7 million revenue, representing approximately 37.4% and 25.9% of the Group's total revenue respectively.

Aimed at maximising profit and return for the Group and the Shareholders, the Group is exploring new business opportunity to broaden its source of income and expand the business operations.

Towards the strategy of maximising profit and return, on 28 July 2011, a wholly-owned subsidiary of the Company entered into a sale and purchase agreement with an independent third party to acquire 17% equity interests of China New Media at an aggregate consideration of approximately HK$70.0 million, comprising cash of HK$25.0 million and a 3% per annum interest-bearing promissory note of approximately HK$45.0 million. China New Media is principally engaged in outdoor advertising in Hong Kong, specialising in advertising spaces in lifts and outer walls of buildings. The transaction was completed on 11 August 2011.

On 6 September 2011, the Company entered into a sale and purchase agreement with independent third parties to acquire the entire equity interests in Xinhua TV Asia-Pacific and its subsidiaries at an aggregate consideration of HK$700.0 million, comprising approximately HK$93.0 million by issue of 474,335,664 Shares at HK$0.196 per Share and approximately HK$607.0 million by issue of 5% per annum interest-bearing Convertible Notes. The Convertible Notes are convertible into 3,097,092,908 Shares at the conversion price of HK$0.196 per Share. Xinhua TV Asia-Pacific is principally engaged in the business of television broadcasting in the Asia Pacific region (excluding the PRC). It has been granted the exclusive television broadcasting right and is thus entitled to offer the information contents from Xinhua News Agency and produce its own contents in the Asia Pacific region (excluding the PRC) and to receive advertising revenue from advertisements on TV channels. The transaction was completed on 9 December 2011.

Financial Review

Revenue

For the year ended 31 March 2012, the Group reported a turnover of approximately HK$219.0 million (2011: HK$184.3 million), representing an increase of approximately 18.8% as compared with that for the previous year. The higher turnover was mainly due to the increase in works from the contract for replacement and rehabilitation of water mains stage 3-mains in Sai Kung (contract numbered 9/WSD/09) and mains on Hong Kong Island South and outlying islands (contract numbered 18/WSD/08) and the commencement of new contract for replacement and rehabilitation of water mains stage 4-mains in Tuen Mun, Yuen Long, North District and Tai Po (contract numbered 8/WSD/10). The Group did not derive any advertising revenue from television broadcasting business during the year.

During the year under review, the revenue of the Group was primarily generated from the undertaking of waterworks contracts in the capacity of a subcontractor. The breakdown of total revenue by nature of capacity of the Group is set forth below:

	For the year ended 31 March			
	2012		2011	
	HK$'000	***% of total***	*HK$'000*	*% of total*
Main contractor	**56,188**	**25.7**	27,467	14.9
Subcontractor	**162,773**	**74.3**	156,840	85.1
Total	**218,961**	**100.0**	184,307	100.0

Cost of services

The Group's cost of services mainly includes cost of construction services, transmission costs, broadcasting fee and amortisation of television broadcasting right. Cost of construction services mainly comprise raw materials, direct labour and subcontracting fee for services provided by the subcontractors. Transmission costs comprise satellite transmission fee and carriage fee payable to satellite operator while the broadcasting fee comprises annual fee payable to media broadcasting providers and China Xinhua NNC. The Group's cost of services increased by approximately 32.6% to approximately HK$214.9 million for the year ended 31 March 2012 as compared with that for the previous year (2011: HK$162.1 million). The following table sets out a breakdown of the Group's cost of services:

	2012		2011	
	HK$'000	***% of total***	*HK$'000*	*% of total*
Cost of construction services				
Raw materials	**30,162**	**14.0**	37,640	23.2
Direct labour	**42,365**	**19.7**	31,489	19.4
Subcontracting fee	**84,773**	**39.5**	57,208	35.3
Other direct costs	**37,699**	**17.5**	35,770	22.1
Subtotal	**194,999**	**90.7**	162,107	100.0
Transmission costs	**783**	**0.4**	—	—
Broadcasting fee	**1,408**	**0.7**	—	—
Amortisation of television broadcasting right	**17,694**	**8.2**	—	—
Total	**214,884**	**100.0**	162,107	100.0

Gross profit

The gross profit of the Group for the year ended 31 March 2012 decreased by approximately 81.6% to approximately HK$4.1 million as compared with that for the previous year (2011: HK$22.2 million). The gross profit margin of the Group decreased to approximately 1.9% for the year ended 31 March 2012 (2011: 12.0%). The decrease in gross profit and gross profit margin was largely a consequence of the increase in subcontracting fee and direct labour cost and certain projects reaching a work stage with relatively thinner gross profit margin and also incurrence of cost of services for television broadcasting business.

Other revenue

The Group's other revenue for the year ended 31 March 2012 amounted to approximately HK$217,000 (2011: HK$544,000).

Administrative expenses

The Group's administrative expenses for the year ended 31 March 2012 increased by approximately 204.8% to approximately HK$32.7 million as compared with that for the previous year (2011: HK$10.7 million). The administrative expenses mainly consisted of legal and professional fees, share-based payment expenses, staff costs (including Directors' remuneration) and business development expenses. The increase in the administrative expenses was mainly attributable to the costs incurred in connection with the acquisition of entire equity interests in Xinhua TV Asia-Pacific and the full recognition of share-based payment expenses due to cancellation of share options arrangement and the increase in legal and professional fees for services provided by professional parties after Listing.

Finance costs

The Group's finance costs for the year ended 31 March 2012 increased by approximately 39.6 times to approximately HK$13.9 million as compared with that for the previous year (2011: HK$341,000). The increase was mainly attributable to the incurrence of interest expenses for the promissory note and Convertible Notes.

Net loss

The Group recorded a net loss attributable to owners of the Company of approximately HK$704.9 million (2011: net profit of approximately of HK$9.7 million) for the year ended 31 March 2012. The net loss was mainly resulted from incurrence of impairment loss in respect of goodwill, the decrease in gross profit margin, finance costs on the promissory note and Convertible Notes, increase in legal and professional fees in administrative expense and full recognition of share-based payment expenses upon cancellation share options arrangement.

Loss per Share

The basic loss per Share was approximately HK55.16 cents (2011: earnings per Share HK1.09 cents).

Prospects

In relation to the acquisition of Xinhua TV Asia-Pacific and its subsidiaries, the Group has issued certain profit warning announcements during the year ended 31 March 2012 and informed the public that impairment loss in respect of goodwill and certain costs incurred in the acquisition, including one-off legal and professional incurred in the acquisition, amortisation charges on the television broadcasting right and finance costs on the Convertible Notes would have a significant impact on the Group's results. Except for the impairment loss in respect of goodwill and one-off legal and professional fees, the annual expenses for both amortisation charges on the television broadcasting right and finance costs on the Convertible Notes are recurring in nature and are expected to have continuing effect on the Group's results up to the respective expiry date of television broadcasting right (i.e. 31 August 2021) and the Convertible Notes (i.e. 9 December 2014).

Provision of waterworks and civil services

The performance of Group's waterworks business was comparable to the previous financial year. During the year ended 31 March 2012, the Group has obtained two new waterworks contracts. On 7 October 2011, TY Civil received a confirmation letter from the Works Branch of the Government that it has been included in the List of Approved Contractors for Public Works (Waterworks) ("Approved List") under Group C on a probation status. As a result, TY Civil is eligible to tender for waterworks contracts with value exceeding HK$75 million ("Group C"), subject to two conditions: (1) the total number of Group C contract already held and being procured does not exceed two Group C contracts and (2) the total value of works in Group C contract(s) already held and being procured does not exceed HK$220 million in aggregate. The inclusion of TY Civil in the Approved List under Group C enables the Group to take up contracts of a larger scale and capture more potential business opportunities.

In the coming years, it is believed that the replacement and rehabilitation programme of water mains (the "R&R Programme") launched by WSD will continue to open up numerous waterworks opportunities to the Group. According to WSD, Stage 4 Phase 1 of the R&R Programme has commenced in March 2011 and will be completed in 2015. About 500 kilometres of water mains will be replaced and rehabilitated at this stage. Stage 4 Phase 2 of the R&R Programme is scheduled to commence in January 2012 and will be completed in 2015. About 350 kilometres of water mains will be replaced and rehabilitated at this stage. On 16 December 2011, the Group has successfully obtained another new main construction of Pak Shek Kok Fresh Water Service Reservoir Extension (contract numbered 8/WSD/11), with contract sum of approximately HK$45.7 million.

Going forward, the Group will continue to improve its quality of service and enhance management capabilities and competitiveness to bid for more rewarding engineering contracts in Hong Kong and to further scale up the Group's business.

Television broadcasting business

Following the completion of the acquisition of Xinhua TV Asia-Pacific and its subsidiaries, the Group diversified its business to television broadcasting business. Xinhua TV Asia-Pacific has developed a broadcasting network of television channels with relatively extensive scale. Currently, it is broadcasting the television programmes relating to information contents from Xinhua News Agency in Hong Kong, Macau, Thailand, New Zealand and Mongolia. Its broadcasting scope will be extended to more countries as time progresses. Leveraging on the extensive network of reporters worldwide and resources available to Xinhua News Agency in producing television programmes, it is believed that viewership will increase with appropriate promotional effort and therefore the business will bring in substantial advertising and related revenue to the Group in the future.

With the commencement of television broadcasting business during the year ended 31 March 2012, the Group will produce a ten-episode television feature programme "Hong Kong, Hong Kong" for the purpose of promoting Hong Kong to the world. The television feature programme is the first locally produced television programme of the Group after the completion of acquisition of Xinhua TV Asia-Pacific. The television feature programme is expected to be broadcasted on the China Xinhua News Network World Channel (Chinese) and China Xinhua News Network World Channel (English) and its other underlying new media platforms including Internet TV and mobile TV. The television feature programme is expected to be broadcasted during the period from 25 June 2012 to 4 July 2012. The Group has already secured advertisement placements during the broadcasting period of the television feature programme and received advertisement placement fees amounting to HK$500,000. The advertisement placement fee will be recognised as the Group's advertising revenue once the television feature programme is broadcasted.

Capital Structure

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

On 8 July 2011, the Company entered into a placing agreement with Emperor Securities Limited pursuant to which the Company agreed to place a maximum of 198,400,000 new Shares to not less than six placees at a price of HK$0.173 per placing Shares. The placing of new Shares was completed on 21 July 2011 and raised gross proceeds of approximately HK$34.3 million.

On 9 December 2011, 474,335,664 new Shares together with Convertible Notes of principal amount of approximately HK$607.0 million were issued as consideration for the acquisition of Xinhua TV Asia-Pacific and its subsidiaries.

On 29 March 2012, the Company entered into top-up placing and subscription agreements with Lotawater (BVI) Limited and Polaris Securities (Hong Kong) Limited to place an aggregate of 10,000,000 Shares to not less than six placees at a price of HK$1.0 per placing Share. The top-up placing and subscription was completed on 12 April 2012 and raised gross proceeds of HK$10.0 million.

Total equity attributable to owners of the Company amounted to approximately HK$70.5 million as at 31 March 2012 (31 March 2011: HK$45.8 million). The increase was mainly attributable to issuance of Shares upon acquisition of subsidiaries and the funds raised from the placing exercises during the year.

Liquidity and Financial Resources

During the year ended 31 March 2012, the Group generally financed its operations through internally generated cash flows, borrowings, Convertible Notes, promissory note and net proceeds from the placing exercises.

As at 31 March 2012, the Group had net current assets of approximately HK$7.8 million (31 March 2011: HK$34.9 million), including cash balance of approximately HK$10.0 million (31 March 2011: HK$16.2 million). The current ratio, being the ratio of current assets to current liabilities, was approximately 1.09 as at 31 March 2012 (31 March 2011: 2.31), which was maintained at a healthy level. The decrease in net current assets and also current ratio was primarily due to higher trade and other payables as a result of more business activities and business development and utilization of cash and cash equivalents for investments in China New Media during the year.

Gearing Ratio

The gearing ratio, which is based on the amount of total bank borrowings and promissory note and Convertible Notes and obligations under finance lease and advance received from customers divided by total assets, was 72.3% as at 31 March 2012 (31 March 2011: 9.2%). The increase was resulted from the issuance of promissory note and Convertible Notes and the increase in finance obligation and new bank loans raised.

Foreign Exchange Exposure

As the revenue and cost of services are principally denominated in Hong Kong dollars, the exposure to the risk of foreign exchange rate fluctuations for the Group is minimal. Hence, no financial instrument for hedging was employed.

Capital Commitment

As at 31 March 2012, the Group had an outstanding commitment of approximately HK$1.3 million in respect of acquisition of property, plant and equipment. Save as aforesaid, the Group did not have any significant capital commitments (31 March 2011: Nil).

Charges on the Group's Assets

As at 31 March 2012, the Company pledged HK$2.0 million time deposit for a HK$10.0 million bank facility. The outstanding amount of the loan facility was approximately HK$3.2 million as at 31 March 2012. The Group's motor vehicles with net book value as at 31 March 2012 amounted to approximately HK$4.9 million (31 March 2011: HK$1.7 million) were held under finance lease. As at 31 March 2012, the Group pledged its machinery and motor vehicles with net book values of approximately HK$1.2 million (31 March 2011: nil) and approximately HK$6.3 million (31 March 2011: nil) respectively as securities for its performance of being a sub-contractor of the Replacement and Rehabilitation of water mains, Stage 4, Phrase 1 Mains in Tuen Mun, Yuen Long, North District and Tai Po.

Contingent Liabilities

As at 31 March 2012, the Group did not have any material contingent liabilities (31 March 2011: Nil).

Information on Employees

As at 31 March 2012, the Group had 229 full-time employees in Hong Kong and over 90% of them are direct labour. Total staff costs (including remuneration of the Directors) for the year ended 31 March 2012 amounted to approximately HK$55.8 million (2011: HK$38.3 million), representing an increase of approximately 45.5% over that for the previous year. The increase was mainly due to the increase in the number of staff to support the expansion of the Group's business and grant of share options.

The Share Option Scheme has been adopted to provide incentive or reward to eligible persons for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group or any entity in which the Group holds any equity interest. 45,000,000 share options were granted pursuant to the Share Option Scheme on 12 August 2011. On 18 October 2011, all share options were cancelled. None of the share option has been exercised before its cancellation.

Significant Investment Held

On 28 July 2011, a wholly-owned subsidiary of the Company entered into a sale and purchase agreement in respect of acquisition of 17% equity interests of China New Media for a consideration of approximately HK$70.0 million upon fulfillment of certain conditions. Completion of the acquisition took place on 11 August 2011. Details of this acquisition are set out in the Company's announcement dated 28 July 2011.

Except for investment in subsidiaries and acquisition as disclosed above, during the year ended 31 March 2012 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

Save as disclosed in the Prospectus, the Group did not have other plans for material investments and capital assets.

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

Except for acquisition of Xinhua TV Asia-Pacific and its subsidiaries in December 2011, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies during the year ended 31 March 2012.

DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 March 2012.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 13 August 2012 to Wednesday, 15 August 2012, both days inclusive. During this period, no transfer of Shares will be registered. In order to attend and vote at the annual general meeting, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Tricor Investor Services Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 10 August 2012.

PURCHASE, SALE OR REDEMPTION OF THE SHARES

Save as disclosed in the Prospectus, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Shares during the year ended 31 March 2012.

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 2012.

EVENTS AFTER THE REPORTING PERIOD

On 29 March 2012, the Company entered into top-up placing and subscription agreements to place an aggregate of 10,000,000 Shares to not less than six placees at a price of HK$1.0 per placing Share. The top-up placing and subscription was completed on 12 April 2012 and raised gross proceeds of HK$10.0 million.

Save as aforesaid, subsequent to 31 March 2012 and up to the date of this announcement, no other significant event has taken place.

AUDIT COMMITTEE

The Company has established an audit committee (the "Audit Committee") on 11 August 2010 with terms of reference in compliance with paragraph C3.3 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. Chan Hon Yuen *(Chairman)*
Mr. Chu Siu Lun, Ivan
Mr. Hau Chi Kit

Non-executive Director
Ms. Liang Hui

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.

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

Hong Kong, 1 June 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 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.