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 2013

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.

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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	**2013**	2012
		HK$'000	*HK$'000*
Revenue	33.3%	**291,822**	218,961
Gross profit	100.1%	**43,570**	21,771
Loss before income tax	–82.7%	**(122,779)**	(707,976)
Loss attributable to owners of the Company	–83.5%	**(116,189)**	(704,897)
Basic and diluted loss per Share	–87.4%	**(6.94)**	(55.16)
Dividend per Share	N/A	**N/A**	N/A

Consolidated Financial Position

As at 31 March

	Changes	**2013**	2012
		HK$'000	*HK$'000*
Total assets	–12.0%	**774,930**	880,498
Cash and cash equivalents	232.3%	**33,266**	10,011
Total liabilities	0.1%	**811,033**	810,005
Equity attributable to owners of the Company	N/A	**(36,103)**	70,493

Ratios

As at 31 March

	2013	2012
Return on equity *(Note (a))*	**N/A**	–1,000.0%
Return on assets *(Note (b))*	**–15.0%**	–80.1%
Current ratio *(Note (c))*	**1.18 times**	1.09 times
Gearing ratio *(Note (d))*	**83.2%**	72.3%

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 bank borrowings, 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 New Media"	China New Media (HK) Company Limited, a company incorporated in Hong Kong
"China Xinhua NNC"	China Xinhua News Networks 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 to China Xinhua NNC, APT Satellite TV Development Limited and Proud Glory Investments Limited for partial settlement of the consideration for 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 2013
"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 cents"	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
"Macau"	the Macau Special Administrative Region of the PRC

"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 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
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"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 2013 together with the comparative figures for 2012 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
Revenue	4	**291,822**	218,961
Cost of services		**(248,252)**	(197,190)
Gross profit		**43,570**	21,771
Other income and gains	4	**29,317**	217
Amortisation expenses		**(60,474)**	(17,694)
Selling and distribution expenses		**(423)**	—
Administrative expenses		**(27,615)**	(32,735)
Loss from operations	6	**(15,625)**	(28,441)
Finance costs	7	**(41,425)**	(13,852)
Share of profit of jointly controlled entities		**1,012**	—
Impairment loss recognised in respect of goodwill		**—**	(665,683)
Impairment loss recognised in respect of available-for-sale financial assets		**(66,741)**	—
Loss before income tax		**(122,779)**	(707,976)
Income tax	8	**6,590**	3,079
Loss for the year and total comprehensive loss attributable to the owners of the Company		**(116,189)**	(704,897)
Loss per Share attributable to owners of the Company — Basic and diluted (HK cents)	10	**(6.94)**	(55.16)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2013

		As at 31 March	
		2013	2012
	Notes	***HK$'000***	*HK$'000*
Non-current assets			
Property, plant and equipment		**32,205**	20,648
Goodwill		**151,194**	151,194
Intangible assets		**490,581**	549,306
Available-for-sale financial assets		**400**	67,141
Jointly controlled entities		**1,012**	—
		675,392	788,289
Current assets			
Inventories		**22,251**	22,286
Trade and other receivables	*11*	**43,709**	56,773
Pledged bank deposits		**—**	2,005
Tax recoverable		**312**	1,134
Cash and cash equivalents		**33,266**	10,011
		99,538	92,209
Total assets		**774,930**	880,498
Current liabilities			
Trade and other payables	*13*	**75,782**	77,616
Finance lease payables		**2,751**	1,676
Borrowings		**—**	3,208
Employee benefits		**2,351**	1,951
Current tax liabilities		**3,198**	—
		84,082	84,451
Net current assets		**15,456**	7,758
Total assets less current liabilities		**690,848**	796,047

		As at 31 March	
		2013	2012
	Notes	***HK$'000***	*HK$'000*
Non-current liabilities			
Other payables	*13*	**2,217**	866
Finance lease payables		**3,339**	2,530
Promissory note		**43,440**	42,336
Convertible Notes		**592,787**	584,365
Deferred tax liabilities		**85,168**	95,457
		726,951	725,554
Total liabilities		**811,033**	810,005
NET (LIABILITIES)/ASSETS		**(36,103)**	70,493
Capital and reserves			
Share capital	*14*	**1,674**	1,664
Reserves	*15*	**(37,777)**	68,829
TOTAL EQUITY		**(36,103)**	70,493

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2013

	Share capital	Share premium account	Convertible Notes equity reserves	Share options reserves	Other reserves	Retained earnings/ (accumulated losses)	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 14)	*(Note 15)*	*(Note 15)*	*(Note 15)*	*(Note 15)*	*(Note 15)*	
At 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 and 1 April 2012	1,664	725,506	17,381	—	9,868	(683,926)	70,493
Loss and total comprehensive loss for the year	—	—	—	—	—	(116,189)	(116,189)
Issue of Shares pursuant to the placing	10	9,990	—	—	—	—	10,000
Share placement expenses	—	(407)	—	—	—	—	(407)
At 31 March 2013	**1,674**	**735,089**	**17,381**	**—**	**9,868**	**(800,115)**	**(36,103)**

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

The principal activity of the Company is investment holdings, provision of management services and television broadcasting business. The principal activity of its subsidiaries is the provision of waterworks engineering services, road works and drainage services and site formation works for the public sector in Hong Kong and the business of broadcasting the 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. During the current year, the Group commenced outdoor mass media advertising business.

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

In the current year, the Group has adopted all the new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by Hong Kong Institute of Certified Public Accountants (the "HKCPA") that are relevant to its operations and effective for annual periods on or after 1 April 2012.

HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets
HKFRS 1 (Amendments)	First-time Adoption of Hong Kong Financial Reporting Standards — Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 (Amendments)	Financial Instruments: Disclosures — Transfer of Financial Assets

The Directors anticipate that the application of these new and revised HKFRSs has no material impact on the results and the financial position of the Group.

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:

Amendments to HKFRSs	Annual Improvements 2009 — 2011 Cycle[2]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities — Transition Guidance[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities[3]
HKAS 1 (Amendments)	Presentation of items in Other Comprehensive Income[1]
HKAS 19 (2011)	Employee Benefits[2]
HKAS 27 (2011)	Separate Financial Statements[2]
HKAS 28 (2011)	Investments in Associates and Joint Ventures[2]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[3]

HK(IFRIC)-Int 20	Stripping Costs in Production Phase of Surface Mine[2]
HKFRS 1 (Amendments)	Government Loan[2]
HKFRS 7 (Amendments)	Disclosures — Offsetting Financial Assets and Financial Liabilities[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosure[4]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosures of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]

1 Effective for annual periods beginning on or after 1 July 2012.
2 Effective for annual periods beginning on or after 1 January 2013.
3 Effective for annual periods beginning on or after 1 January 2014.
4 Effective for annual periods beginning on or after 1 January 2015.

HKFRS 9 Financial Instruments

HKFRS 9 (as issued in 2009) introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at 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 reporting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that 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 recognition 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 of financial liabilities attributable to changes in the financial liabilities' 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 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 the adoption of HKFRS 9 in the future may have a significant impact on the amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements. HK (SIC)-Int 12 *Consolidation — Special Purpose Entities* will be withdrawn upon the effective date of HKFRS 10. Under HKFRS 10, there is only one basis for consolidation, that is, control. In addition, HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures*. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. HK (SIC)-Int 13 *Jointly Controlled Entities — Non-monetary Contributions by Venturers* will be withdrawn upon the effective date of HKFRS 11. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate consolidation.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these five HKFRSs for the first time.

These five standards, together with the amendments relating to the transitional guidance, are effective for annual periods beginning on or after 1 January 2013 with earlier application permitted provided all of these standards are applied at the same time.

The Directors' anticipated that the application of these five standards will have no impact on the Group's consolidated financial statements.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 *Financial Instruments: Disclosures* will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective on annual periods beginning on or after 1 January 2013, with earlier application permitted.

The Directors anticipate that the application of the new standard may affect certain amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

Amendments to HKFRS 7 and HKAS 32 Offsetting Financial Assets and Financial Liabilities and the related disclosures

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments to HKFRS 7 are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

The Directors anticipate that the application of these amendments to HKAS 32 and HKFRS 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

HKAS 19 Employee Benefits

The amendments to HKAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the "corridor approach" permitted under the previous version of HKAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of HKAS 19 are replaced with a "net-interest" amount, which is calculated by applying the discount rate to the net defined benefit liability or asset.

The amendments to HKAS 19 are effective for annual periods beginning on or after 1 January 2013 and require retrospective application. The Directors anticipated that the application of this revised standard will have no impact on the Group's financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis. The amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

Annual Improvements to HKFRS 2009–2011 Cycle issued in June 2012

The *Annual Improvements to HKFRSs 2009–2011 Cycle* include a number of amendments to various HKFRSs. The amendments are effective for annual periods beginning on or after 1 January 2013. Amendments to HKFRSs include:

- Amendments to HKAS 1 Presentation of Financial Statements;
- Amendments to HKAS 16 Property, Plant and Equipment; and
- Amendments to HKAS 32 Financial Instruments: Presentation

HKAS 1 (Amendments)

The amendments to HKAS 1 requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position). The amendments to HKAS 1 clarify that an entity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position.

HKAS 16 (Amendments)

The amendments to HKAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in HKAS 16 and as inventory otherwise. The Directors do not anticipate that the amendments to HKAS 16 will have a significant effect on the Group's consolidated financial statements.

HKAS 32 (Amendments)

The amendments to HKAS 32 clarify that income tax on distributions to holders of an equity instrument and transaction costs of an equity transaction should be accounted for in accordance with HKAS 12 *Income Taxes*. The Directors anticipate that the amendments to HKAS 32 will have no effect on the Group's consolidated financial statements.

3. 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 HK$, which is the same as the functional currency of the Company. All values are rounded to the nearest thousand (HK'000) except otherwise indicated.

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 2012, except for the adoption of new and revised HKFRSs as disclosed in note 2.

4. REVENUE AND OTHER INCOME AND GAINS

Revenue and other income and gains recognised during the years ended 31 March 2013 and 31 March 2012 are as follows:

	2013	2012
	HK$'000	*HK$'000*
Revenue		
Construction works	**280,031**	218,961
Advertising income	**11,791**	—
	291,822	218,961
Other income and gains		
Interest income	**33**	8
Exchange gain, net	**94**	—
Net gains on disposal of property, plant and equipment	**394**	—
Waiver of the interests on Convertible Notes	**28,602**	—
Sundry income	**194**	209
	29,317	217

5. SEGMENT INFORMATION

Information reported to the executive Directors, 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 are:

(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 and outdoor mass media 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 2013

	Provision of waterworks and civil services *HK$'000*	**Television broadcasting business** *HK$'000*	**Total** *HK$'000*
Revenue from external customers	**280,031**	**11,791**	**291,822**
Other income and gains	**454**	**110**	**564**
Reportable segment revenue	**280,485**	**11,901**	**292,386**
Reportable segment results	**26,984**	**(55,846)**	**(28,862)**
Unallocated corporate income			**28,753**
Unallocated corporate expenses			**(81,245)**
Finance costs			**(41,425)**
Loss before income tax			**(122,779)**

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 income and gains	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)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales for the year ended 31 March 2013 (2012: 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

As at 31 March 2013

	Provision of waterworks and civil services	**Television broadcasting business**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
Segment assets	**83,627**	**643,129**	**726,756**
Unallocated			**48,174**
Consolidated assets			**774,930**
Segment liabilities	**41,660**	**20,069**	**61,729**
Unallocated			**749,304**
Consolidated liabilities			**811,033**

As at 31 March 2012

	Provision of waterworks and civil services	Television broadcasting business	Total
	HK$'000	*HK$'000*	*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

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 payables and promissory note.

Other segment information

For the year ended 31 March 2013

	Provision of waterworks and civil services	**Television broadcasting business**	**Unallocated**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Additions to non-current assets	**14,244**	**1,749**	**8,330**	**24,323**
Depreciation of property, plant and equipment	**9,206**	**—**	**1,385**	**10,591**
Amortisation of film rights	**—**	**1,749**	**—**	**1,749**
Amortisation of intangible assets	**—**	**58,725**	**—**	**58,725**
Net gains on disposal of property, plant and equipment	**(394)**	**—**	**—**	**(394)**
Impairment loss recognised in respect of available-for-sale financial assets	**—**	**—**	**66,741**	**66,741**

For the year ended 31 March 2012

	Provision of waterworks and civil services *HK$'000*	Television broadcasting business *HK$'000*	Unallocated *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

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

For the year ended 31 March 2013, included in revenue arising from provision of waterworks and civil services of approximately HK$280,031,000 (2012: approximately HK$218,961,000) are revenue generated from three (2012: three) customers amounting to approximately HK$261,431,000 (2012: approximately HK$218,390,000) 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 2013 and 31 March 2012.

Revenue from major customers is as follows:

	2013 ***HK$'000***	2012 *HK$'000*
Customer A	**47,124**	56,642
Customer B	**60,397**	79,705
Customer C	**153,910**	82,043
Others	**30,391**	571
	291,822	218,961

6. LOSS FROM OPERATIONS

Loss from operations is arrived at after charging:

	2013	2012
	HK$'000	*HK$'000*
Contract costs recognised as expense	**241,542**	194,999
Amortisation of film rights (included in amortisation expenses)	**1,749**	—
Amortisation of intangible assets (included in amortisation expenses)	**58,725**	17,694
Television broadcasting right fee and television satellite fees (included in cost of services)	**6,710**	2,191
Auditor's remuneration	**600**	500
Depreciation of property, plant and equipment	**10,591**	7,089
Loss on disposal of property, plant and equipment	**—**	49
Staff costs	**61,952**	55,762
Share-based payment expenses	**—**	6,027
Operating lease rentals in respect of rented premises	**15,093**	2,510

7. FINANCE COSTS

	2013	2012
	HK$'000	*HK$'000*
Interest on:		
Finance leases payables	**187**	162
Borrowings wholly repayable within five years	**10**	116
Promissory note	**2,455**	1,542
Convertible Notes	**38,773**	12,032
	41,425	13,852

8. INCOME TAX

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

	2013	2012
	HK$'000	*HK$'000*
Current tax — Hong Kong Profits tax		
— tax for the year	**3,699**	—
— under-provision in respect of prior years	**—**	24
	3,699	24
Deferred tax		
— current year	**(10,289)**	(3,103)
Income tax	**(6,590)**	(3,079)

Hong Kong profits tax is calculated at 16.5% (2012: 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 profits arising in Macau during the years ended 31 March 2013 and 31 March 2012.

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

	2013		2012	
	HK$'000	*%*	*HK$'000*	*%*
Loss before income tax	**(122,779)**		(707,976)	
Tax calculated at rates applicable to profits in the countries concerned	**(20,258)**	**16.5**	(116,816)	16.5
Tax effect of expenses not deductible for tax purposes	**11,439**	**(9.3)**	112,855	(15.9)
Tax effect of income not taxable for tax purpose	**(3)**	**—**	—	—
Tax effect of other temporary difference not recognised	**—**	**—**	(27)	—
Tax effect of tax losses not recognised	**2,232**	**(1.8)**	885	(0.1)
Under-provision of current tax in respect of prior years	**—**	**—**	24	—
Income tax expense	**(6,590)**	**5.4**	(3,079)	0.5

9. DIVIDENDS

The Board does not recommend the payment of any dividend for the year ended 31 March 2013 (2012: Nil).

10. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

	2013	2012
	HK$'000	*HK$'000*
Loss for the purpose of basic and diluted loss per Share	**(116,189)**	(704,897)
	Number of shares	
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic loss per Share	**1,674,434**	1,277,973

Diluted loss per Share for the year ended 31 March 2013 and 31 March 2012 are 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.

11. TRADE AND OTHER RECEIVABLES

	2013	2012
	HK$'000	*HK$'000*
Trade receivables *(note (i), (iii))*	**3,146**	18,387
Retention receivables *(note (ii), (iii)), (note 12)*	**7,852**	7,765
Other receivables and prepayments *(note (iv))*	**21,826**	11,994
Amounts due from customers for contract works *(note 12)*	**2,580**	15,497
Deposits	**8,305**	3,130
	43,709	56,773

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:

	2013	2012
	HK$'000	*HK$'000*
Current	**3,146**	18,387

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

	2013	2012
	HK$'000	*HK$'000*
Contracts in progress at the end of the reporting period:		
Contract costs incurred to date plus recognised profits	**619,263**	563,963
Less: recognised losses	**—**	—
	619,263	563,963
Progress billings	**(616,683)**	(564,766)
	2,580	(803)
Analysed for reporting purposes as:		
Amounts due from customers for contract works *(note 11)*	**2,580**	15,497
Amounts due to customers for contract works *(note 13)*	**—**	(16,300)
	2,580	(803)

"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 as 31 March 2013, the retentions held by customers for contract works included in other receivables (note 11) amounted to HK$7,852,000 (2012: approximately HK$7,765,000).

At as 31 March 2013, the advances received from customers included in other payables (note 13) under current liabilities amounted to HK$2,800,000 (2012: approximately HK$2,200,000).

13. TRADE AND OTHER PAYABLES

	2013	2012
	HK$'000	*HK$'000*
Trade payables	**25,930**	19,721
Retention money payables	**3,955**	3,610
Advances received from customers *(note (i)) (note 12)*	**2,800**	2,200
Amount due to customers for contract works *(note 12)*	**—**	16,300
Amount due to a Shareholder *(note (ii))*	**18,060**	11,017
Deferred revenue	**—**	500
Interest payables	**13,421**	10,320
Amount due to a related party *(note (iii))*	**2,009**	2,009
Other payables and accruals	**11,824**	12,805
	77,999	78,482
Less:		
Interest payable — non-current portion	**(2,217)**	(866)
	75,782	77,616

Notes:

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

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

(iii) Amount due to a related party 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:

	2013	2012
	HK$'000	*HK$'000*
Current or less than 1 month	**22,679**	11,917
1 to 3 months	**2,990**	35
More than 3 months but less than 12 months	**15**	7,497
More than 12 months	**246**	272
	25,930	19,721

14. SHARE CAPITAL

	Notes	Number of Shares At HK$0.001 each	Nominal Value HK$'000
Authorised:			
As at 1 April 2011, 31 March 2012, 1 April 2012 and 31 March 2013		500,000,000,000	500,000
Issued and fully paid:			
As at 1 April 2011		992,000,000	992
Issue of Shares pursuant to the placing	*(a)*	198,400,000	198
Issue of Shares pursuant to acquisition of subsidiaries	*(b)*	474,335,664	474
As at 31 March 2012 and 1 April 2012		1,664,735,664	1,664
Issue of Shares pursuant to the placing	*(c)*	10,000,000	10
As at 31 March 2013		**1,674,735,664**	**1,674**

Notes:

(a) 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.

(b) 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.

(c) On 12 April 2012, 10,000,000 Shares of HK$0.001 each were issued by way of placing at a price of HK$1.00 per Share for cash consideration of HK$10,000,000. The excess of the placing 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$'000*	Total *HK$'000*
At 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 and 1 April 2012	725,506	17,381	—	9,868	(683,926)	68,829
Loss and total comprehensive loss for the year	—	—	—	—	(116,189)	(116,189)
Issue of Shares pursuant to the placing	9,990	—	—	—	—	9,990
Share placement expenses	(407)	—	—	—	—	(407)
At 31 March 2013	**735,089**	**17,381**	**—**	**9,868**	**(800,115)**	**(37,777)**

16. RELATED PARTY TRANSACTIONS

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

Related party relationship	**Type of transaction**	**2013** *HK$'000*	2012 *HK$'000*
A company that Mr. Chia had material interest	Rental expenses for an office premise paid *(note (i))*	**75**	103
	Service fee for announcement posting agreement	**9**	7
	Company secretarial fees paid	**41**	116
China Xinhua NNC	Annual fee for television broadcasting right *(note (ii))*	**1,000**	312
	Advertising income *(note (iii))*	**5,625**	—
	Waiver of the interests on Convertible Notes *(note (iv))*	**19,852**	—
	Accrued interests on Convertible Notes *(note (v))*	**19,852**	6,200
A company that Xinhua News Agency had material interest	Production fee paid	**192**	—
Dr. Lee Yuk Lun ("Dr. Lee")	Sales of goods	**130**	—
A company that Dr. Lee had material interest	Waiver of the interests on Convertible Notes *(note (iv))*	**8,750**	—
	Accrued interests on Convertible Notes *(note (v))*	**8,750**	2,733
A company that Mr. Chan Hon Yuen is a common director	Advertising income	**100**	—

Notes:

(i) Rental expense was charged at a term mutually agreed between the Group and the related company. The lease was terminated with effect from 1 September 2012 under mutual agreement between the Group and the related company.

(ii) 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.

(iii) Pursuant to the advertisement broadcasting contract signed between the Group and China Xinhua NNC on 24 August 2012, China Xinhua NNC has agreed to pay Xinhua TV Asia-Pacific, in cash, 50% of any amount that 中國新華電視網有限公司 ("CNC China") receives as the economic entitlement of CNC China under the advertisement operation cooperation contract dated 23 May 2011 entered into between CNC China and AVIC Culture Co., Limited ("AVIC Culture") relating to the grant of the exclusive right by CNC China to AVIC Culture for the promotion and operation of 58% of the advertising resources of the English and Chinese TV channels of the China Xinhua News Network Worldwide Channel, which are developed and currently maintained by China Xinhua NNC ("Partial Advertisement Operation Right"), for the period from 25 May 2011 to 25 August 2016 (the "Advertisement Operation Cooperation Contract"), being a guaranteed fixed fee of RMB90 million plus 40% of the part of advertising revenue derived from the Partial Advertisement Operation Right in excess of RMB90 million during the term of the Advertisement Operation Cooperation Contract.

(iv) During the year ended 31 March 2013, China Xinhua NNC and Proud Glory Investments Limited ("Proud Glory"), a company in which Dr. Lee has had material interests in, has waived the interests on Convertible Notes of approximately HK$19,852,000 (2012: nil) and approximately HK$8,750,000 (2012: nil) for the period from 9 December 2011 to 8 December 2012 respectively.

(v) During the year ended 31 March 2013, the Convertible Notes interest payables to China Xinhua NNC and Proud Glory were amount to approximately HK$19,852,000 (2012: approximately HK$6,200,000) and approximately HK$8,750,000 (2012: approximately HK$2,733,000) respectively.

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 and the banking facilities provided to a subsidiary of the Company.

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.

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 and 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. During the year ended 31 March 2013, the Group continued to focus on rendering waterworks and civil services to the public sector in Hong Kong and develop its business on television broadcasting. At the same time, the Group has commenced its outdoor mass media advertising business.

Provision of waterworks and civil services

During the year ended 31 March 2013, the Group has been undertaking two main contracts and six subcontracts. Among the eight contracts, five are related to provision of waterworks engineering services and the three remaining contracts are related to provision of drainage 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– Jun 2013	
8/WSD/11	Construction of Pak Shek Kok Fresh Water Service Reservoir Extension	WSD	Dec 2011– Mar 2014	
Subcontracts				
21/WSD/06	Replacement and rehabilitation of water mains stage 2 — mains in Tai Po and Fanling	Ming Hing Civil Contractors Limited	Aug 2007– Mar 2013	
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– Dec 2013	**Total contract value** HK$1,636.4 million
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	**Total amount of works certified** *(Note)* HK$840.6 million
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– Jun 2016	
DC/2012/07	Lam Tsuen Valley Sewerage — village sewerage, stage 2, phase 1	Hsin Chong Tsun Yip Joint Venture	Oct 2012– Jul 2015	
DC/2012/08	Lam Tsuen Valley Sewerage — village sewerage, stage 2, phase 2	Hsin Chong Tsun Yip Joint Venture	Nov 2012– Mar 2016	

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

Among the above eight contracts, three subcontracts (contract numbered DC/2012/04, DC/2012/07 and DC/2012/08) were newly awarded during the year ended 31 March 2013.

During the year ended 31 March 2013, the two contracts with contracts numbered 8/WSD/10 and 18/WSD/08 were the main contributors to the Group's revenue, which generated approximately HK$153.9 million and HK$58.6 million, constituting approximately 52.7% and 20.1% of the Group's total revenue respectively.

Television broadcasting business

The Group's production of the ten-episode television feature programme — "Hong Kong, Hong Kong" was completed in June 2012. The Chinese version and English version of the television feature programme were broadcasted in the China Xinhua News Network World Channel (the "CNC Channel") (Chinese) and CNC Channel (English) (collectively the "CNC Channels") respectively from late June 2012 to early July 2012. CNC Channels are currently broadcasted in more than 60 countries and regions worldwide. "Hong Kong, Hong Kong"was also broadcasted in Hong Kong Cable TV Channel No. 66 and the prime time slots of 43 television channels in the PRC, including Jiangsu TV (江蘇衛視), Heilongjiang TV (黑龍江衛視), Guangdong TV (廣東電視台) and Tianjin TV (天津電視台). "Hong Kong, Hong Kong" received good responses from audiences and has been awarded the second honour of the humanities documentary films in the eighth Chinese documentary international films selection meeting (第八屆中國紀錄片國際選片會) of China Radio and TV Association Documentary Council (中國廣播電視協會紀錄片工作委員會). Besides, the Group has launched the global premiere of the locally produced programme — "Hong Kong Voice Express"during the year ended 31 March 2013. "Hong Kong Voice Express" is broadcasted in the CNC Channel (Chinese) weekly and can be viewed in Hong Kong via Hong Kong Cable TV Channel No. 66. The latest information of the programme could also be viewed through other media platforms, including the blogs created in Sina Weibo (新浪微博) and Tencent Weibo (騰訊微博), and the subscription of CNCTVHK in Youtube and Facebook by audiences, through which the latest information of the programme could be obtained.

During the year ended 31 March 2013, the Group had successfully entered into an advertising agreement pursuant to which the Group was entitled to receive the minimum guarantee of HK$5.0 million for selling the advertising time slot in between programmes in Hong Kong Cable TV Channel No. 66 from 1 April 2012 to 30 September 2012.

On 19 July 2012, the Group as the licensor, had entered into a channel carriage agreement (the "Channel Carriage Agreement") with Asian Broadcasting Network (M) Sdn Bhd, a company incorporated under the laws of Malaysia and as the licensee, pursuant to which the licensor has agreed to grant to the licensee a non-exclusive and non-transferable license and right to distribute, use, promote and make available the contents of the CNC Channels to its subscribers through its services in Malaysia. Details of the Channel Carriage Agreement were set out in the announcement of the Company dated 14 September 2012. On 25 October 2012, the Group had also entered into a cooperation memorandum (the "Cooperation Memorandum") with Lao Digital TV Co., Ltd. (the "Lao Digital TV"), a company incorporated under the laws of the Lao People's Democratic Republic (the

"Laos"), pursuant to which Lao Digital TV will broadcast the CNC Channels through its service in Laos. Details of the Cooperation Memorandum were set out in the announcement of the Company dated 25 October 2012. The Directors believe that by broadcasting the CNC Channels in Malaysia and Laos through cooperation with local television broadcasting companies, the Group will be able to boost up CNC Channels' viewership and lay a solid foundation for the Group to attract more advertising clients.

During the year ended 31 March 2013, the Company has launched a new project - project of large outdoor display screen under global display screen commercials network. On 12 November 2012, the Company entered into the outdoor full-colour LED display and advertisement release system construction agreement (the "Outdoor Full-Colour LED Display and Advertisement Release System Construction Agreement") with Shenzhen AOTO Electronics Co., Ltd. ("AOTO Electronics"), pursuant to which the Company has agreed to purchase from AOTO Electronics, and AOTO Electronics has agreed to supply to the Company, outdoor full-colour LED displays and a networked LED control platform on the terms and subject to the conditions of the Outdoor Full-Colour LED Display and Advertisement Release System Construction Agreement. On 18 December 2012, the Company placed its first order with AOTO Electronics for the purchase of first batch of outdoor full-colour LED displays. Details of the Outdoor Full-Colour LED Display and Advertisement Release System Construction Agreement were set out in the announcement of the Company dated 12 November 2012.

At the same time, the Group entered into the LED display construction and operation agreements (the "LED Display Construction and Operation Agreements") with several commercial real estate developers and the LED display construction and operation strategic cooperation agreement (the "LED Display Construction and Operation Strategic Cooperation Agreement") with a property developer, pursuant to which the commercial real estate developers and the property developer will provide sites for the Company to construct LED displays which will be put into commercial operations after the completion of the construction. Details of the LED Display Construction and Operation Agreements and LED Display Construction and Operation Strategic Cooperation Agreement were set out in the announcement of the Company dated 18 December 2012.

The Directors believe that the Company enjoys competitive advantages in developing the LED display broadcasting and advertising business and such endeavour will increase the profitability of the Company, which is in the interests of the Company and its Shareholders as a whole.

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 its business operations.

Financial Review

Revenue

For the year ended 31 March 2013, the Group reported a revenue of approximately HK$291.8 million (2012: approximately HK$219.0 million), representing an increase of approximately 33.3% as compared with that for the previous year. The revenue derived from provision of waterworks and civil services and television broadcasting business contributed approximately 96.0% and 4.0% to the Group's total revenue respectively. The higher revenue was mainly due to the increase in works from the replacement and rehabilitation of water mains stage 4 phase 1 — mains in Tuen Mun, Yuen Long, North District and Tai Po (contract number 8/WSD/10) and the replacement and rehabilitation of water mains stage 3 — mains on Hong Kong Island South and outlying islands (contract number 18/WSD/08) as well as commencement of several contracts are related to provision of drainage services. With the commencement of television broadcasting business during the year ended 31 March 2013, the Group derived advertising revenue of approximately HK$11.8 million (2012: Nil).

During the year ended 31 March 2013, 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			
	2013		2012	
	HK$'000	***% of total***	*HK$'000*	*% of total*
Main contractor	**47,124**	**16.8**	56,188	25.7
Subcontractor	**232,907**	**83.2**	162,773	74.3
Total	**280,031**	**100.0**	218,961	100.0

Cost of services

The Group's cost of services increased by approximately 25.9% to approximately HK$248.3 million (2012: approximately HK$197.2 million) for the year ended 31 March 2013 as compared with that for the previous year. The Group's cost of services mainly includes cost of construction services, transmission costs and broadcasting fee. 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 broadcasting fee comprises fee payable to media broadcasting providers and China Xinhua NNC. The following table sets out a breakdown of the Group's cost of services:

	For the year ended 31 March			
	2013		2012	
	HK$'000	***% of total***	*HK$'000*	*% of total*
Cost of construction services				
Raw materials	**19,373**	**7.8**	30,162	15.3
Direct labour	**52,371**	**21.1**	42,365	21.5
Subcontracting fee	**125,081**	**50.3**	84,773	43.0
Other direct costs	**44,717**	**18.1**	37,699	19.1
Subtotal	**241,542**	**97.3**	194,999	98.9
Transmission costs	**2,500**	**1.0**	783	0.4
Broadcasting fee	**4,210**	**1.7**	1,408	0.7
Total	**248,252**	**100.0**	197,190	100.0

Gross profit

The gross profit of the Group for the year ended 31 March 2013 increased by approximately 100.1% to approximately HK$43.6 million (2012: approximately HK$21.8 million) as compared with that for the previous year. The gross profit margin of the Group increased to approximately 14.9% for the year ended 31 March 2013 (2012: approximately 9.9%). The increase in gross profit and gross profit margin was largely as a consequence of higher revenue and gross profit margin derived from certain projects at the early stage.

Other revenue

The Group's other revenue for the year ended 31 March 2013 increased by approximately 134.1 times to approximately HK$29.3 million (2012: approximately HK$217,000) as compared with that for the previous year. The increase was mainly attributable to the waiver of the interests on Convertible Notes in an aggregate amount of approximately HK$28.6 million (2012: Nil) from Proud Glory and China Xinhua NNC for the year ended 31 March 2013.

Amortisation expenses

The Group's amortisation expenses for the year ended 31 March 2013 increased by approximately 2.4 times to approximately HK$60.5 million (2012: approximately HK$17.7 million) as compared with that for the previous year. The amortisation expenses mainly consisted of amortisation of television broadcasting rights and film rights for the television broadcasting business. Such amortisation expenses were incurred upon the completion of entire interest in Xinhua TV Asia-Pacific in December 2011.

Selling and distribution expenses

The Group's selling and distribution expenses for the year ended 31 March 2013 amounted to approximately HK$423,000 (2012: Nil). The selling and distribution expenses mainly consisted of advertising expenses for the television broadcasting business for the year.

Administrative expenses

The Group's administrative expenses for the year ended 31 March 2013 decreased by approximately 15.6% to approximately HK$27.6 million (2012: approximately HK$32.7 million) as compared with that for the previous year. The administrative expenses mainly consisted of auditor's 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 one-off legal and professional fee incurred for the acquisition during the year ended 31 March 2012.

Finance costs

The Group's finance costs for the year ended 31 March 2013 increased by more than double to approximately HK$41.4 million (2012: approximately HK$13.9 million) as compared with that for the previous year. The increase was mainly attributable to the incurrence of interest expenses on the promissory note and Convertible Notes.

Net loss

The Group recorded a net loss attributable to owners of the Company for the year ended 31 March 2013 decreased by 83.5% to approximately HK$116.2 million (2012: approximately HK$704.9 million) as compared with that for the previous year. The decrease in net loss was mainly resulted from the one-off impairment loss in respect of goodwill recognised for the year ended 31 March 2012. The net loss for the year ended 31 March 2013 was mainly resulted from the incurrence of impairment loss in respect of available-for-sale financial assets, amortisation expenses, incurrence of finance costs on the promissory note and Convertible Notes of the Group.

Loss per Share

The basic loss per Share for the year ended 31 March 2013 was approximately HK6.94 cents (2012: approximately HK55.16 cents).

Prospects

With the commencement of the television broadcasting business, the Group is well positioned to compete favorably and benefit from rising performance of television broadcasting business in coming years. In addition, the Group has commenced its outdoor mass media advertising business and launched the new project of large outdoor display screen. The Directors expect that the television broadcasting business will be the key driver of our future revenue growth while the provision of waterworks and civil services will continue to contribute stable revenue to the Group.

Provision of waterworks and civil services

The performance of the Group's waterworks business was comparable with that for the previous year. 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 has commenced in January 2012 and will be completed in 2015. About 350 kilometres of water mains will be replaced and rehabilitated at this stage.

Not only will the R&R Programme launched by WSD continues to open up numerous waterworks opportunities to the Group, the infrastructure and development projects being currently implemented or to be implemented by the Government, roads and drainage works and site formation works will also create tremendous business opportunities to the Group in the future. On 13 June 2012, the Group and Hsin Chong Construction Company Limited ("Hsin Chong") have jointly obtained a new main contract of sewerage in Kau Lung Hang San Wai, Kau Lung Hang Lo Wai and Tai Hang (contract numbered DC/2012/04) with total contract sum of approximately HK$178.1 million. Also, on 9 November 2012, the Group and Hsin Chong have jointly obtained two new main contracts of Lam Tsuen Valley Sewerage — Village Sewerage, Stage 2, Phase 1 (contract numbered DC/2012/07) and Lam Tsuen Valley Sewerage — Village Sewerage, Stage 2, Phase 2 (contract numbered DC/2012/08) with contract sums of HK$164.1 million and HK$161.9 million respectively.

We believe that the Group is able to take up more contracts and capture more potential business opportunities. 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

Our recent initiative to grow our television broadcasting business is a strategic move. During the year, the Group has diversified its business to television broadcasting business and strengthened its income stream upon the commencement of television broadcasting business. Drawing on the brand name of Xinhua News Agency, the Group is positioned to capture the opportunities arising from this business segment with relatively low initial entry barrier. The Group 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, Mongolia and, as recently started, in Malaysia and Laos through entering into the Channel Carriage Agreement and Cooperation Memorandum respectively. The Directors believe that the Group's 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 the business will bring in substantial advertising and related revenue to the Group in the future.

In addition, with the great success of television programmes "Hong Kong, Hong Kong" and "Hong Kong Voice Express", the Group will continue to produce information contents in the future. The broadcasting of self-produced information contents will help to build up and enhance local viewership with information contents of local interest in languages commonly used locally and also enhance the media revenue stream by tailor-making certain information contents related to particular advertising clients.

During the year, the Group has commenced its outdoor mass media advertising business and launched a new project — project of large outdoor display screen under global display screen commercials network. Leveraging on the resources of Xinhua News Agency, a substantial Shareholder of the Company, in information collection, processing and release, the Company enjoys a favourable position in developing the LED display broadcasting and advertising business in HOPSCAs (i.e. complexes of hotels, offices, parks, shopping malls, clubs and apartments), which will certainly improve the Group's profitability.

The advertising revenue from broadcasting of self-produced information contents and sales of advertising time slots in between programmes is expected to enlarge and diversify the Group's income stream, which is consistent with its strategy of broadening its source of income, thereby providing significant growth potential for the Group. In addition, the Group will continue to negotiate with potential commercial real estate developers to boost up the project of large outdoor display screen and potential television broadcasting companies, advertising companies and advertising clients on selling advertising time slots in our channels in return for advertising revenue. By leveraging on the brand name of Xinhua News Agency, the Group could save brand development and marketing costs in promoting and negotiating with them. The Directors believe that such endeavour, coupled with the Group's advertising capability in television broadcasting, will enable the Group to further diversify its advertising business. The Group will continue to put effort into expanding the television broadcasting business in the long run. We are confident that it will bring our business collectively and integrally to new heights in the coming few years.

Capital Structure

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

On 29 March 2012, the Company entered into top-up placing agreement and subscription agreement with Lotawater 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 Shares. The top-up placing and subscription was completed on 12 April 2012 and raised gross proceeds of HK$10.0 million.

Liquidity and Financial Resources

During the year ended 31 March 2013, the Group generally financed its operations through internally generated cash flows and net proceeds from the placing exercise.

As at 31 March 2013, the Group had net current assets of approximately HK$15.5 million (31 March 2012: approximately HK$7.8 million), including cash balance of approximately HK$33.3 million (31 March 2012: approximately HK$10.0 million). The current ratio, being the ratio of current assets to current liabilities, was approximately 1.18 as at 31 March 2013 (31 March 2012: approximately 1.09) which remains healthy.

Gearing Ratio

The gearing ratio, which is based on the total amount of total bank borrowings, promissory note, Convertible Notes, finance lease payables and advance received from customers divided by total assets, was approximately 83.2% as at 31 March 2013 (31 March 2012: approximately 72.3%). The increase was mainly resulted from decrease in total asset for the year ended 31 March 2013.

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. For this year, the Group was mainly exposed to foreign currency exchange risk of United States Dollars and Renminbi and the management mainly monitored the foreign currency exchange risk with advices from the Group's major bankers.

Capital Commitment

As at 31 March 2013, the Group had an outstanding commitment of approximately HK$10.7 million in respect of acquisition of property, plant and equipment. Save as aforesaid, the Group did not have any significant capital commitments (31 March 2012: approximately HK$1.3 million).

Charges on the Group's Assets

As at 31 March 2013, the Company did not have any pledged assets for Group's borrowings. As at 31 March 2012, the Company pledged approximately HK$2.0 million time deposit for a HK$10.0 million bank facility and the outstanding amount of the loan facility was approximately HK$3.2 million.

The Group's motor vehicles with net book value as at 31 March 2013 amounted to approximately HK$7.5 million (31 March 2012: approximately HK$4.9 million) was held under finance lease. As at 31 March 2013, the Group pledged its machinery and motor vehicles with net book values of approximately HK$0.3 million (31 March 2012: approximately HK$1.2 million) and approximately HK$3.6 million (31 March 2012: approximately HK$6.3 million) respectively as securities for its performance of obligations as 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 2013, the Group did not have any material contingent liabilities (31 March 2012: Nil).

Information on Employees

As at 31 March 2013, the Group had 242 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 2013 amounted to approximately HK$62.0 million (2012: approximately HK$55.8 million), representing an increase of approximately 11.1% 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.

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 2013, the Group held a 17% equity interest in the issued share capital of China New Media as a long term investment. The Group recognised the impairment loss of the above-mentioned investment of approximately HK$66,741,000 for the year ended 31 March 2013.

Except for investment in subsidiaries and the investment as disclosed above, during the year ended 31 March 2013 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

During the year ended 31 March 2013, 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 2013.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 24 July 2013 to Friday, 26 July 2013, both days inclusive. During this period, no transfer of Shares will be registered. In order to attend and vote at the next annual general meeting of the Company, 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 Tuesday, 23 July 2013.

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 2013.

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 during the year ended 31 March 2013.

EVENTS AFTER THE REPORTING PERIOD

No significant event has taken place subsequent to 31 March 2013 and up to the date of this announcement.

COMPARATIVES

Certain comparative figures have been reclassified to conform with the current year's presentation.

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
Mr. Jin Hai Tao

Non-executive Directors
Mr. Li Yong Sheng
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
Wu Jin Cai
Chairman and Executive Director

Hong Kong, 31 May 2013

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

Executive Directors:
Mr. Wu Jin Cai
Dr. Lee Yuk Lun
Mr. Zou Chen Dong
Mr. Kan Kwok Cheung
Mr. Chia Thien Loong, Eric John

Non-executive Directors:
Mr. Li Yong Sheng
Ms. Liang Hui

Independent non-executive Directors:
Mr. Chan Hon Yuen
Mr. Chu Siu Lun, Ivan
Mr. Hau Chi Kit
Mr. Jin Hai Tao

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.