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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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.

This announcement, for which the directors (the "Directors") of CNC Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (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.

HIGHLIGHTS

- The Group's revenue for the six months ended 30 September 2015 increased by approximately 5.8% to approximately HK$165.9 million (2014: approximately HK$156.8 million).

- Loss attributable to owners of the Company for the six months ended 30 September 2015 increased by approximately 36.0% to approximately HK$33.5 million (2014: approximately HK$24.6 million).

- Basic loss per Share for the six months ended 30 September 2015 was approximately HK0.88 cent (2014: approximately HK0.97 cent).

- The Board does not recommend the payment of any dividend for the six months ended 30 September 2015.

The board of Directors (the "Board") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 September 2015, together with the unaudited comparative figures for the corresponding periods in 2014, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

For the three months and six months ended 30 September 2015

		Six months ended 30 September		**Three months ended 30 September**	
		2015	2014	**2015**	2014
	Notes	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue	*3*	**165,890**	156,838	**88,309**	88,933
Cost of services		**(161,525)**	(149,799)	**(85,939)**	(84,948)
Gross profit		**4,365**	7,039	**2,370**	3,985
Other income	*4*	**748**	4,061	**620**	2,375
Other gains and losses	*5*	**1,962**	9,752	**1,416**	9,289
Amortisation expenses		**(11,882)**	(11,334)	**(6,118)**	(5,658)
Selling and distribution expenses		**(52)**	–	**(9)**	–
Administrative expenses		**(16,075)**	(16,537)	**(8,218)**	(9,185)
(Loss)/profit from operations	*7*	**(20,934)**	(7,019)	**(9,939)**	806
Finance costs	*9*	**(16,495)**	(19,169)	**(7,856)**	(9,734)
Loss before income tax		**(37,429)**	(26,188)	**(17,795)**	(8,928)
Income tax	*10*	**3,958**	1,571	**2,098**	604
Loss for the period		**(33,471)**	(24,617)	**(15,697)**	(8,324)

	Notes	Six months ended 30 September **2015** *HK$'000*	2014 *HK$'000*	Three months ended 30 September **2015** *HK$'000*	2014 *HK$'000*
Other comprehensive (loss)/income:					
Items that may be classified subsequently to profit or loss:					
Exchange differences on translating foreign operations		**(973)**	87	**(1,100)**	83
Other comprehensive (loss)/income for the period		**(973)**	87	**(1,100)**	83
Total comprehensive loss for the period		**(34,444)**	(24,530)	**(16,797)**	(8,241)
Loss for the period attributable to owners of the Company		**(33,471)**	(24,617)	**(15,697)**	(8,324)
Total comprehensive loss for the period attributable to owners of the Company		**(34,444)**	(24,530)	**(16,797)**	(8,241)
Loss per Share attributable to owners of the Company	*12*				
– Basic and diluted *(HK cent)*		**(0.88)**	(0.97)	**(0.40)**	(0.28)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2015

	Notes	**As at 30 September 2015 (Unaudited) *HK$'000***	As at 31 March 2015 (Audited) *HK$'000*
Non-current assets			
Property, plant and equipment	*13*	**38,914**	40,791
Intangible assets	*14*	**130,071**	141,081
		168,985	181,872
Current assets			
Film rights		**–**	–
Inventories		**25,461**	23,335
Trade and other receivables	*15*	**95,088**	87,122
Financial assets at fair value through profit or loss		**12,217**	12,117
Cash and cash equivalents		**121,098**	62,166
		253,864	184,740
Total assets		**422,849**	366,612
Current liabilities			
Trade and other payables	*17*	**112,979**	90,122
Finance lease payables	*18*	**4,895**	4,936
Employee benefits		**2,569**	2,569
Bank overdrafts, unsecured		**–**	5,978
Current tax liabilities		**8,275**	7,932
		128,718	111,537

	Notes	As at 30 September 2015 (Unaudited) HK$'000	As at 31 March 2015 (Audited) HK$'000
Net current assets		**125,146**	73,203
Total assets less current liabilities		**294,131**	255,075
Non-current liabilities			
Finance lease payables	*18*	**3,733**	4,673
Promissory note	*19*	**39,511**	38,080
Convertible notes	*20*	**199,248**	203,326
Deferred tax liabilities		**33,621**	37,962
		276,113	284,041
Total liabilities		**404,831**	395,578
Net assets /(liabilities)		**18,018**	(28,966)
Capital and reserves			
Share capital	*21*	**4,055**	3,693
Reserves		**13,963**	(32,659)
Total Equity		**18,018**	(28,966)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 September 2015

	Share capital *HK$'000*	Share premium* *HK$'000*	Convertible notes equity reserves* *HK$'000*	Foreign currency translation reserves* *HK$'000*	Capital reserves* *HK$'000*	Other reserves* *HK$'000*	Accumulated losses* *HK$'000*	Total equity *HK$'000*
As at 1 April 2015	**3,693**	**1,155,013**	**67,505**	**153**	**–**	**9,868**	**(1,265,198)**	**(28,966)**
Loss for the period	**–**	**–**	**–**	**–**	**–**	**–**	**(33,471)**	**(33,471)**
Other comprehensive loss for the period:								
Items that may be classified subsequently to profit or loss:								
Exchange differences on translating foreign operations	**–**	**–**	**–**	**(973)**	**–**	**–**	**–**	**(973)**
Total comprehensive loss for the period	**–**	**–**	**–**	**(973)**	**–**	**–**	**(33,471)**	**(34,444)**
Issue of shares pursuant to placing	**260**	**64,740**	**–**	**–**	**–**	**–**	**–**	**65,000**
Transaction costs attributable to issue of ordinary shares pursuant to placing	**–**	**(1,655)**	**–**	**–**	**–**	**–**	**–**	**(1,655)**
Issue of shares pursuant to conversion of convertible notes	**102**	**20,097**	**(4,874)**	**–**	**–**	**–**	**–**	**15,325**
Waiver of debts by a shareholder	**–**	**–**	**–**	**–**	**2,758**	**–**	**–**	**2,758**
As at 30 September 2015 (unaudited)	**4,055**	**1,238,195**	**62,631**	**(820)**	**2,758**	**9,868**	**(1,298,669)**	**18,018**
As at 1 April 2014	1,980	795,912	15,663	45	–	9,868	(1,231,407)	(407,939)
Loss for the period	–	–	–	–	–	–	(24,617)	(24,617)
Other comprehensive income for the period:								
Items that may be classified subsequently to profit or loss:								
Exchange differences on translating foreign operations	–	–	–	87	–	–	–	87
Total comprehensive income/(loss) for the period	–	–	–	87	–	–	(24,617)	(24,530)
Issue of shares pursuant to placing	335	83,390	–	–	–	–	–	83,725
Transaction costs attributable to issue of ordinary shares pursuant to placing	–	(2,118)	–	–	–	–	–	(2,118)
Issue of shares pursuant to conversion of convertible notes	1,378	277,829	(7,731)	–	–	–	–	271,476
As at 30 September 2014 (unaudited)	3,693	1,155,013	7,932	132	–	9,868	(1,256,024)	(79,386)

* The aggregate amount of these balances of approximately HK$13,963,000 in surplus (31 March 2015: approximately HK$32,659,000 in deficit) is included as reserves in the condensed consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six months ended 30 September 2015

	Six months ended 30 September	
	2015	2014
	HK$'000	*HK$'000*
Net cash generated from/(used in) operating activities	**9,508**	(11,036)
Net cash used in investing activities	**(4,991)**	(46,268)
Financing activities		
Proceeds from placing of ordinary shares	**65,000**	83,725
Transaction costs attributable to issue of ordinary shares pursuant to placing	**(1,655)**	(2,118)
Other cash flows arising from financing activities	**(2,858)**	(2,467)
Net cash generated from financing activities	**60,487**	79,140
Net increase in cash and cash equivalents	**65,004**	21,836
Cash and cash equivalents at the beginning of the period	**56,188**	20,609
Effects of foreign exchange rate changes	**(94)**	23
Cash and cash equivalents at the end of the period	**121,098**	42,468
Analysis of cash and cash equivalents		
Cash at banks	**121,098**	44,766
Bank overdrafts	**–**	(2,298)
	121,098	42,468

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

1. GENERAL INFORMATION

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 Company's ordinary shares (the "Share(s)") were listed on GEM of the Stock Exchange on 30 August 2010 by way of placing.

The principal activities of the Company are investment holding and television broadcasting business. The subsidiaries are engaged in the provision of waterworks engineering services for the public sector in Hong Kong, television broadcasting business in the Asia-Pacific region (excluding the People's Republic of China (the "PRC")) in return for advertising and related revenue and large outdoor display screen advertisement business in the PRC.

2. BASIS OF PRESENTATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements for the six months ended 30 September 2015 (the "Interim Financial Statements") have been prepared in accordance with the Hong Kong Accounting Standards ("HKAS") 34 "Interim Financial Reporting", other relevant Hong Kong Accounting Standards, Interpretations and the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of the GEM Listing Rules.

The accounting policies and method of the computation used in the preparation of the Interim Financial Statements are consistent with those used in the annual report for the year ended 31 March 2015. The Group has adopted new or revised standards, amendments to standards and interpretation of Hong Kong Financial Reporting Standards which are effective for accounting period commencing on or after 1 April 2015. The adoption of such new or revised standards, amendments to standards and interpretation does not have material impact on the Interim Financial Statements and does not result in substantial changes to the Group's accounting policies.

The Interim Financial Statements have been prepared under the historical cost convention except for certain financial instruments that are measured at fair values at the end of each reporting period and are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company.

3. REVENUE

Revenue recognised during the three months and six months ended 30 September 2015 and 2014 were as follows:

	Six months ended 30 September		Three months ended 30 September	
	2015	2014	**2015**	2014
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Construction works	**161,804**	152,910	**86,269**	86,797
Advertising income	**4,086**	3,928	**2,040**	2,136
	165,890	156,838	**88,309**	88,933

4. OTHER INCOME

Other income recognised during the three months and six months ended 30 September 2015 and 2014 were as follows:

	Six months ended 30 September		Three months ended 30 September	
	2015	2014	**2015**	2014
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Interest income	**260**	3	**180**	1
Waiver of the interests on convertible notes and promissory note	**–**	4,054	**–**	2,371
Sundry income	**488**	4	**440**	3
	748	4,061	**620**	2,375

5. OTHER GAINS AND LOSSES

Other gains and losses recognised during the three months and six months ended 30 September 2015 and 2014 were as follows:

	Six months ended 30 September		**Three months ended 30 September**	
	2015	2014	**2015**	2014
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Exchange gain/(loss), net	**879**	(64)	**998**	(67)
Gains arising on extension of promissory note	**–**	8,708	**–**	8,708
Net gains on disposal of property, plant and equipment	**983**	924	**418**	447
Changes in fair value of financial assets at fair value through profit or loss	**100**	184	**–**	201
	1,962	9,752	**1,416**	9,289

6. 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 engineering services – provision of waterworks engineering services, road works and drainage services and site formation works for public sector in Hong Kong;

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

(iii) Large outdoor display screen advertisement business – the business of broadcasting advertisements on large outdoor display screens in the PRC.

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

Segment revenue and results

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

For the six months ended 30 September 2015

	Provision of waterworks engineering services (Unaudited) *HK$'000*	**Television broadcasting business (Unaudited)** *HK$'000*	**Large outdoor display screen advertisement business (Unaudited)** *HK$'000*	**Elimination (Unaudited)** *HK$'000*	**Total (Unaudited)** *HK$'000*
Revenue from external customers	**161,804**	**3,277**	**809**	**–**	**165,890**
Inter-segment sales	**–**	**1,067**	**–**	**(1,067)**	**–**
Other income and gains	**1,066**	**3**	**–**	**–**	**1,069**
Reportable segment revenue	**162,870**	**4,347**	**809**	**(1,067)**	**166,959**
Reportable segment results	**261**	**(12,171)**	**(931)**		**(12,841)**
Unallocated corporate income					**759**
Unallocated corporate expenses					**(8,852)**
Finance costs					**(16,495)**
Loss before income tax					**(37,429)**

For the six months ended 30 September 2014

	Provision of waterworks engineering services (Unaudited) *HK$'000*	Television broadcasting business (Unaudited) *HK$'000*	Large outdoor display screen advertisement business (Unaudited) *HK$'000*	Elimination (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000*
Revenue from external customers	152,910	3,620	308	–	156,838
Inter-segment sales	–	788	–	(788)	–
Other income and gains	990	14	–	–	1,004
Reportable segment revenue	153,900	4,422	308	(788)	157,842
Reportable segment results	3,870	(13,583)	(1,882)		(11,595)
Unallocated corporate income					12,950
Unallocated corporate expenses					(8,374)
Finance costs					(19,169)
Loss before income tax					(26,188)

Segment revenue reported above represents revenue generated from external customers.

Segment profit/(loss) represents the profit earned/loss incurred by each segment without allocation of interest income, finance costs, gains arising on extension of promissory note, changes in fair value of financial assets at fair value through profit or loss, waiver of interests on convertible notes and promissory note and income tax. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

Information about major customers

During the six months ended 30 September 2015, included in revenue arising from provision of waterworks engineering services of approximately HK$161,804,000 (2014: approximately HK$152,910,000) are revenue generated from three (2014: four) customers amounting to approximately HK$149,994,000 (2014: approximately HK$152,910,000). 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 the six months ended 30 September 2015 and 2014.

Revenue from major customers is as follows:

	Six months ended 30 September	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Customer A	**98,635**	84,224
Customer B	**19,863**	25,134
Customer C *(note)*	**–**	21,988
Customer D	**31,496**	21,564
	149,994	152,910

Note:

Customer C is no longer major customer with revenue accounting for over 10% of the Group's total revenue for the six months ended 30 September 2015.

7. (LOSS)/PROFIT FROM OPERATIONS

(Loss)/profit from operations is arrived at after charging the following:

	Six months ended 30 September		Three months ended 30 September	
	2015	2014	**2015**	2014
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Amortisation of intangible assets (included in amortisation expenses)	**11,010**	11,010	**5,535**	5,535
Amortisation of film rights (included in amortisation expenses)	**872**	324	**583**	123
Contract costs recognised as expense	**155,885**	143,071	**83,126**	81,554
Depreciation of property, plant and equipment	**8,869**	8,961	**4,494**	4,514
Staff costs *(note 8)*	**39,061**	39,704	**21,883**	24,939

8. STAFF COSTS

	Six months ended 30 September		Three months ended 30 September	
	2015	2014	**2015**	2014
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Staff costs (including Directors' remuneration) comprise:				
Wages, salaries and other benefits	**37,665**	38,376	**21,223**	24,171
Contribution to defined contribution retirement plan	**1,396**	1,328	**660**	768
	39,061	39,704	**21,883**	24,939

9. FINANCE COSTS

	Six months ended 30 September		Three months ended 30 September	
	2015	2014	**2015**	2014
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Interests on:				
Finance leases payables	**182**	166	**88**	87
Bank overdraft wholly repayable within five years	**65**	122	**41**	50
Promissory note	**1,431**	1,294	**726**	655
Convertible notes	**14,817**	17,587	**7,001**	8,942
	16,495	19,169	**7,856**	9,734

10. INCOME TAX

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

	Six months ended 30 September		Three months ended 30 September	
	2015	2014	**2015**	2014
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Current tax – Hong Kong profits tax				
– current period	**417**	356	**151**	435
– overprovision in prior years	**–**	(55)	**–**	(55)
	417	301	**151**	380
Current tax – Macau Complementary Tax				
– overprovision in prior years	**(34)**	–	**–**	–
Deferred tax				
– current period	**(4,341)**	(1,872)	**(2,249)**	(984)
Income tax	**(3,958)**	(1,571)	**(2,098)**	(604)

Hong Kong profits tax is calculated at 16.5% (2014: 16.5%) on the estimated assessable profits during each of the three months and six months ended 30 September 2015 and 2014.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (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 Complementary Tax has been made as the subsidiary incorporated in Macau has no assessable profits arising in Macau during each of three months and six months ended 30 September 2015 and 2014.

No provision for PRC Enterprise Income tax had been made as the subsidiary incorporated in the PRC had no assessable profits arising in the PRC during each of three months and six months ended 30 September 2015 and 2014.

11. DIVIDENDS

The Board does not recommend the payment of any dividend for each of the three months and six months ended 30 September 2015 respectively (2014: nil).

12. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculations of basic loss per Share for the three months and six months ended 30 September 2015 is based on the unaudited consolidated loss of approximately HK$15,697,000 and approximately HK$33,471,000 attributable to owners of the Company for each of the three months and six months ended 30 September 2015 respectively (three months and six months ended 30 September 2014: approximately HK$8,324,000 and approximately HK$24,617,000 respectively) and the weighted average number of 3,902,696,885 Shares and 3,798,575,107 Shares in issue for the three months and six months ended 30 September 2015 respectively (weighted average number of Shares in issue for the three months and six months ended 30 September 2014: 2,973,186,771 Shares and 2,534,936,131 Shares respectively) as if they had been in issue throughout the periods.

Diluted loss per Share for the three months and six months ended 30 September 2015 and 2014 are not presented as the potential ordinary shares had an anti-dilutive effect on the basic loss per Share for the three months and six months ended 30 September 2015 and 2014.

13. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2015, the Group acquired items of property, plant and equipment with aggregate cost of approximately HK$7,250,000 (six months ended 30 September 2014: approximately HK$8,974,000). During the six months ended 30 September 2015, items of property, plant and equipment with carrying value of approximately HK$259,000 were disposed of (six months ended 30 September 2014: approximately HK$377,000).

14. INTANGIBLE ASSETS

	As at 30 September 2015 (Unaudited) *HK$'000*	As at 31 March 2015 (Audited) *HK$'000*
Cost:		
At 1 April 2014, 31 March 2015, 1 April 2015 and 30 September 2015	**567,000**	567,000
Accumulated amortisation and impairment:		
At beginning of period/year	**425,919**	403,960
Amortisation expenses for the period/year	**11,010**	21,959
At end of period/year	**436,929**	425,919
Carrying amount at end of period/year	**130,071**	141,081

Intangible assets represent television broadcasting right acquired by the Group. The useful life of television broadcasting right is 10 years.

15. TRADE AND OTHER RECEIVABLES

	As at 30 September 2015 (Unaudited) *HK$'000*	As at 31 March 2015 (Audited) *HK$'000*
Trade receivables *(note (i) & (iii))*	**20,546**	48,165
Allowance for doubtful debts	**–**	–
	20,546	48,165
Retention receivables *(note (ii) & (iii))*	**10,618**	9,355
Other receivables and prepayments *(note (iv))*	**28,509**	23,724
Amount due from a substantial shareholder *(note (v))*	**–**	91
Amounts due from customers for contract works *(note 16)*	**30,695**	–
Deposits	**4,720**	4,787
Deposit paid for acquisition of a subsidiary *(note (vi))*	**–**	1,000
	95,088	87,122

Notes:

(i) Trade receivables as at the end of the reporting period mainly derived from provision of construction works on waterworks engineering contracts. The related customers are mainly government department/organisation and reputable corporations. 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 based on invoice date as at the end of the reporting period:

	As at 30 September 2015 (Unaudited) ***HK$'000***	As at 31 March 2015 (Audited) *HK$'000*
Current or less than 1 month	**17,278**	45,530
1 to 3 months	**1,541**	2,533
More than 3 months but less than 12 months	**1,649**	102
More than 12 months	**78**	–
	20,546	48,165

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.

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

Ageing of receivables that are past due but not impaired

	As at 30 September 2015 (Unaudited) ***HK$'000***	As at 31 March 2015 (Audited) *HK$'000*
Overdue by:		
1 – 30 days	**391**	–
31 – 60 days	**1,150**	2,533
Over 90 days	**1,727**	102
	3,268	2,635

Movements in the allowance for doubtful debts

	As at 30 September 2015 (Unaudited) *HK$'000*	As at 31 March 2015 (Audited) *HK$'000*
Balance at the beginning of the period/year	**–**	9,469
Amount written-off during the period/year as uncollectible	**–**	(9,469)
Balance at the end of the period/year	**–**	–

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

(iv) It mainly consists of prepayment of insurance and advance payment to subcontractors.

(v) Amount due from a substantial shareholder represented amount due from a substantial shareholder, 中國新華新聞電視網有限公司 ("CNC China"), which was unsecured, interest-free and recoverable on demand. During the six months ended 30 September 2015, the highest balance of amount due from a substantial shareholder was approximately HK$91,000 (year ended 31 March 2015: approximately HK$91,000).

(vi) On 8 December 2014, the Group entered into a sale and purchase agreement with an independent third party pursuant to which a wholly-owned subsidiary of the Company will acquire 60% of the issued share capital of Afanti Asset Management Limited at the consideration of HK$1,000,000. On 30 June 2015, the parties of sale and purchase agreement entered into a termination agreement pursuant to which both parties mutually agreed to unconditionally and irrevocably terminate the sale and purchase agreement and the transactions contemplated thereunder with immediate effect.

16. AMOUNTS DUE FROM CUSTOMERS FOR CONTRACT WORKS

	As at 30 September 2015 (Unaudited) *HK$'000*	As at 31 March 2015 (Audited) *HK$'000*
Contracts in progress at the end of the reporting period:		
Contract costs incurred to date plus recognised profits less recognised loss	**1,444,348**	1,282,544
Less: Progress billings	**(1,413,653)**	(1,282,544)
	30,695	–

17. TRADE AND OTHER PAYABLES

	As at 30 September 2015 (Unaudited)	As at 31 March 2015 (Audited)
	HK$'000	*HK$'000*
Trade payables	**52,773**	22,480
Retention money payables	**15,566**	15,356
Amount due to a shareholder *(note (i))*	**10,337**	17,112
Amount due to a Director *(note (ii))*	**–**	2,758
Deferred revenue	**223**	555
Interest payables	**20,088**	19,917
Amount due to a related party *(note (iii))*	**2,009**	2,009
Other payables and accruals	**11,983**	9,935
	112,979	90,122

Notes:

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

(ii) Amount due to a Director was unsecured, interest-free and repayable on demand.

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

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

	As at 30 September 2015 (Unaudited)	As at 31 March 2015 (Audited)
	HK$'000	*HK$'000*
Current or less than 1 month	**40,812**	14,767
1 to 3 months	**11,696**	7,474
More than 3 months but less than 12 months	**36**	–
More than 12 months	**229**	239
	52,773	22,480

18. FINANCE LEASE PAYABLES

The Group leases a number of its motor vehicles and machineries. Such assets are classified as finance leases as the rental period approximates the estimated useful economic lives of the assets concerned and often the Group has the right to purchase the assets outright at the end of the minimum lease term by paying a nominal amount. The lease terms ranged from one to three years. No arrangements have been entered into for contingent rental payments.

Future lease payments are due as follows:

	As at 30 September 2015		
	Minimum lease payments	**Future finance charges**	**Present Value of minimum lease payments**
	HK$'000	***HK$'000***	***HK$'000***
	(Unaudited)	**(Unaudited)**	**(Unaudited)**
Within one year	**5,145**	**250**	**4,895**
In more than one year and not more than five years	**3,819**	**86**	**3,733**
	8,964	**336**	**8,628**
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(4,895)**
Amount due for settlement after 12 months			**3,733**

	As at 31 March 2015		
	Minimum lease payments	Future finance charges	Present Value of minimum lease payments
	HK$'000	*HK$'000*	*HK$'000*
	(Audited)	(Audited)	(Audited)
Within one year	5,239	303	4,936
In more than one year and not more than five years	4,790	117	4,673
	10,029	420	9,609
Less: Amount due for settlement within 12 months (shown under current liabilities)			(4,936)
Amount due for settlement after 12 months			4,673

19. PROMISSORY NOTE

A promissory note with a principal amount of HK$45,040,000 was issued by Profit Station Limited ("Profit Station"), a direct wholly-owned subsidiary of the Company on 11 August 2011 (the "Issue Date") upon the completion of the acquisition of 17% of equity interests in China New Media (HK) Company Limited. The promissory note was unsecured, carried interest at the rate of 3% per annum and matured on 11 August 2014. Profit Station might early redeem all or part of the promissory note at any time from the Issue Date. Unless previously redeemed, Profit Station would redeem the promissory note on its maturity date.

On 11 August 2014 (the "Renewal Date"), Profit Station has entered into an extension agreement with the noteholder of the promissory note pursuant to which the maturity date of the promissory note was extended from 11 August 2014 to 11 August 2017 and the extended promissory note will be non-interest bearing with effect from 11 August 2014 till 11 August 2017. Furthermore, the noteholder has agreed to waive the interest accrued on the promissory note amounting to approximately HK$4,054,000 (note 4) for the period from 11 August 2011 to 11 August 2014. Except the abovementioned, other terms and conditions of the promissory note remain unchanged.

	As at 30 September 2015 (Unaudited) *HK$'000*	As at 31 March 2015 (Audited) *HK$'000*
At the beginning of the period/year	**38,080**	44,609
Interest charged at an effective interest rate of 5.744%	**–**	917
Interest payable	**–**	(486)
Gains arising on extension of promissory note	**–**	(8,708)
Interest charged at an effective interest rate of 7.423%	**1,431**	1,748
At the end of the period/year	**39,511**	38,080

Interest expenses on the promissory note are calculated using the effective interest method by applying effective interest rate of 5.744% from 1 April 2014 to 11 August 2014.

Upon the extension, the fair value of the liability component of the extended promissory note was reassessed and calculated using an equivalent market interest rate for an equivalent instrument at the Renewal Date. The fair value of the liability component of the extended promissory note at the Renewal Date amounted to approximately HK$36,332,000. The fair value is calculated using discounted cash flow method at a rate of 7.423%.

20. CONVERTIBLE NOTES

On 9 December 2011, the Company issued convertible notes with the principal amount of approximately HK$607,030,000, carried interest at the rate of 5% per annum as part of the consideration for the acquisition of Xinhua TV Asia-Pacific Operating Co., Limited ("Xinhua TV Asia-Pacific"). Each note entitles the holder to convert to ordinary shares at a conversion price of HK$0.196 per share.

Conversion might occur at any time between 9 December 2011 and 8 December 2014. If the notes have not been converted, the Company would redeem on 9 December 2014 at the outstanding principal amount. Interest of 5% per annum would be paid annually until the notes are converted or redeemed.

On 9 December 2014, the Company entered into the supplemental deed with China Xinhua NNC pursuant to which the Company and China Xinhua NNC agreed to amend certain terms and conditions of the convertible notes, where (i) the maturity date of the convertible notes will be extended for 3 years and the conversion period will accordingly be extended for 3 years to 9 December 2017; and (ii) the interest rate of the convertible notes will be amended from 5% per annum to 3% per annum for the extended period, being from 9 December 2014 to 9 December 2017.

The convertible notes contain two components, liability and equity components. The equity component is presented in equity heading "convertible notes equity reserves". The effective interest rates of the liability component are 6.64% from 9 December 2011 to 9 December 2014 and 15.98% from 9 December 2014 to 9 December 2017 respectively.

	As at 30 September 2015 (Unaudited) ***HK$'000***	As at 31 March 2015 (Audited) *HK$'000*
Equity component		
At the beginning of the period/year	**67,505**	15,663
Conversion of convertible notes	**(4,874)**	(7,731)
Transfer to accumulated losses upon mature of convertible notes	**–**	(7,932)
Recognition of equity component on extension of convertible notes	**–**	80,844
Deferred tax liability arising on extension of convertible notes	**–**	(13,339)
At the end of the period/year	**62,631**	67,505
Liability component		
At the beginning of the period/year	**203,326**	543,234
Interest charged calculated at an effective interest rate of 6.64%	**–**	12,791
Interest payable before extension of convertible notes	**–**	(7,519)
Conversion of convertible notes before extension of convertible notes	**–**	(271,476)
Recognition of equity component on extension of convertible notes	**–**	(80,844)
Interest charged calculated at an effective interest rate of 15.98%	**14,817**	9,706
Interest payable after extension of convertible notes	**(3,570)**	(2,566)
Conversion of convertible notes after extension of convertible notes	**(15,325)**	–
At the end of the period/year	**199,248**	203,326

21. SHARE CAPITAL

	Number of Shares	Nominal value
		HK$'000
Authorised:		
As at 1 April 2015 (audited) and 30 September 2015 (unaudited)	500,000,000,000	500,000
Issued and fully paid:		
As at 1 April 2015 (audited)	3,693,309,131	3,693
Issue of Shares pursuant to the placing *(note (i))*	260,000,000	260
Issue of Shares pursuant to conversion of convertible notes *(note (ii))*	102,040,816	102
As at 30 September 2015 (unaudited)	4,055,349,947	4,055

Notes:

(i) On 4 August 2015, 260,000,000 Shares of HK$0.001 each were issued by way of placing at a price of HK$0.25 per Share for cash consideration of approximately HK$65,000,000 for the purpose of general working capital of the Company and development of business(es) in line with future development policy of Xinhua News Agency, the substantial shareholder of the Company and in the best interests of the Company and shareholders of the Company as a whole. The excess of the placing price over the nominal value of the Shares issued was credited to the share premium of the Company.

(ii) On 21 August 2015, China Xinhua NNC, a holder of convertible notes, exercised its conversion right to convert the principal amount of HK$20,000,000 into 102,040,816 Shares. The excess of the conversion price over the nominal value of Shares of approximately HK$102,000 was credited to share premium of the Company.

22. OPERATING LEASE COMMITMENTS

The Group as leasee

	Six months ended 30 September	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Minimum lease payments paid under operating leases during the period	**8,514**	9,503

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	As at 30 September 2015	As at 31 March 2015
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Within one year	**12,470**	16,480
In the second to fifth years inclusive	**30,415**	33,024
Over five years	**3,469**	5,542
	46,354	55,046

Operating leases related to office property, certain office equipment, television broadcasting right, the use of satellite capacity and broadcasting services with lease term between 1 to 10 years. All operating lease contracts contain market review clauses in the event that the Group exercises its option to renew. The Group does not have an option to purchase the leased asset at the expiry of the lease period.

23. MATERIAL RELATED PARTY TRANSACTIONS

During the reporting period, the Group entered into the following material related party transactions:

Related party relationship	**Type of transaction**	**Transaction amount**			
		Six months ended 30 September		**Three months ended 30 September**	
		2015 (Unaudited) ***HK$'000***	2014 (Unaudited) *HK$'000*	**2015 (Unaudited)** ***HK$'000***	2014 (Unaudited) *HK$'000*
A company that Mr. Chia Kar Hin, Eric John ("Mr. Chia"), an executive Director, had material interest	Service fee for announcement posting agreement	**5**	5	**3**	3
	Company secretarial fees paid	**23**	32	**11**	17
A company that the spouse of Mr. Chia had material interest	Legal and professional fee paid	**–**	35	**–**	35
China Xinhua NNC	Annual fee for television broadcasting right *(note (i))*	**500**	500	**250**	250
	Accrued interests on convertible notes *(note (ii))*	**3,866**	6,945	**1,944**	2,245
CNC China	Advertising income *(note (iii))*	**2,023**	1,321	**1,393**	656
A company that Xinhua News Agency had material interest	Production fee paid	**–**	198	**–**	198
A company that Dr. Lee Yuk Lun, a former Director, had material interests	Reversal of waiver of interests on convertible notes due to conversion of convertible notes *(note (iv))*	**–**	–	**–**	(1,683)

Notes:

(i) Pursuant to the agreement 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.

(ii) During the six months ended 30 September 2015, the convertible notes interest payable to China Xinhua NNC was amounted to approximately HK$3,866,000 (six months ended 30 September 2014: approximately HK$6,945,000).

(iii) On 22 July 2013, the Company and CNC China entered into the channel resources usage framework agreement (the "CRU Framework Agreement"), pursuant to which the Company will and will procure its subsidiaries to provide advertising resources on the television channels controlled by the Company to CNC China and its associates for the advertisement businesses of independent third party clients undertook by them. As consideration, CNC China will pay the Group certain percentage of the advertisement broadcasting fees (after deducting applicable PRC taxes) for using such advertising resources based on the terms and conditions of each agreement. The CRU Framework Agreement will have a term of 3 years ending on 31 March 2016.

(iv) During the six months ended 30 September 2014, Proud Glory Investments Limited had fully exercised its conversion rights to convert the principal amount of HK$27,440,000 of the convertible notes into 140,000,000 Shares and the waiver of interests on convertible notes from 1 April 2014 to 30 June 2014 had been written back accordingly.

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 as disclosed in note 18.

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.

24. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of financial assets and financial liabilities are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active markets are determined with reference to quoted market bid prices and ask prices respectively.

- The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

- The fair values of other financial assets and financial liabilities (excluding those described above) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The Directors consider that the carrying amounts of financial assets and financial liabilities recognised in the Interim Financial Statements approximate to their fair values.

Fair value measurements recognised in the condensed consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	As at 30 September 2015 (Unaudited)			
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Financial assets at fair value through profit or loss	**12,217**	**–**	**–**	**12,217**

	As at 31 March 2015 (Audited)			
	Level 1	Level 2	Level 3	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets at fair value through profit or loss	12,117	–	–	12,117

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is principally engaged in the provision of waterworks engineering services for the public sector in Hong Kong, television broadcasting business in the Asia-Pacific region (excluding the PRC) in return for advertising and related revenue and large outdoor display screen advertising business in PRC. During the six months ended 30 September 2015 (the "Period"), the Group continued to focus on rendering waterworks engineering services to the public sector in Hong Kong and develop its television broadcasting business and large outdoor display screen advertising business.

Provision of waterworks engineering services

During the Period, the Group has been undertaking three main contracts and six subcontracts. Among the nine contracts, five are related to provision of waterworks engineering services and the remaining contracts are related to provision of drainage services. Details of the contracts undertaken are set out below:

	Contract number	**Particulars of contract**
Main contracts	8/WSD/11	Construction of Pak Shek Kok Fresh Water Service Reservoir Extension
	3/WSD/13	Mainlying near She Shan Tsuen, Tai Po
	DC/2013/09	Advance Works for Shek Wu Hui Sewage Treatment Works – Further Expansion Phase 1A and Sewerage Works at Ping Che Road
Subcontracts	8/WSD/10	Replacement and rehabilitation of water mains, stage 4 phase 1 – mains in Tuen Mun, Yuen Long, North District and Tai Po
	DC/2012/04	Sewerage in Kau Lung Hang San Wai, Kau Lung Hang Lo Wai and Tai Hang
	DC/2012/07	Lam Tsuen Valley Sewerage — village sewerage, stage 2, phase 1
	DC/2012/08	Lam Tsuen Valley Sewerage — village sewerage, stage 2, phase 2
	5/WSD/13	Replacement and rehabilitation of water mains, stage 4 phase 1 and stage 4 phase 2 – mains in northern and eastern New Territories
	810B	West Kowloon Terminus Station South, Contract 810B

Among the above nine contracts, a main contract (contract numbered DC/2013/09) and a subcontract (contract numbered 810B) were newly awarded during the Period.

During the Period, the two contracts with contracts numbered 5/WSD/13 and DC/2012/07 were the main contributors to the Group's revenue, which generated approximately HK$74.2 million and HK$24.4 million, constituting approximately 44.7% and 14.7% of the Group's total revenue respectively.

Television broadcasting business

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, Thailand, Mongolia, Malaysia, Laos and Australia. The Group maintained good relationship with those television service providers that are currently working with and in the meantime, actively sought for cooperation opportunities with other strategic partners in order to give customers a unique viewing experience and expand in the worldwide coverage of the China Xinhua News Network Channel and China Xinhua News Network World Channel (collectively the "CNC Channels"). With the increasing popularity of smart mobile devices, simultaneous multi-screen viewing of multi-media is growing ever more popular. The Group has actively responded to the market trends and co-operated with China Mobile Limited ("China Mobile") pursuant to which China Mobile granted the Group certain mobile video platforms for uploading the Group's video contents for readers' subscription. With its continued brand strength and established reputation, the Group will strive to leverage every opportunity for business expansion so as to further extend our market share and deliver positive returns to the shareholders of the Company.

Large outdoor display screen advertisement business

Due to keen competition in the PRC market, the Group faces certain uncertainties and risks in operating in large outdoor display screen advertisement business segment while the Group only makes a steady development in this business segment during the Period. In order to implement effective cost control in operating the LED displays, the Group is able to maximize overall profitability by lowering of construction and operational costs through joint operation arrangements. The Directors consider that it is a more effective way to boost the Group's advertising income. Going forward, the Group will continue to negotiate with potential customers, including but not limited to commercial real estate developers, PRC government authorities and other potential partners for cooperation in order to balance the risk and return of this competitive segment.

In order to diversify the business segments, broaden the sources of income and enhance the value for the shareholders of the Company, the Group will keep on exploring different opportunities for the growth and development of the Group.

Financial Review

Revenue

For the Period, the Group reported a revenue of approximately HK$165.9 million (2014: approximately HK$156.8 million), representing an increase of approximately 5.8% as compared with that for the same period of the previous year. The revenue derived from provision of waterworks engineering services and television broadcasting business as well as large outdoor display screen advertisement business constituted approximately 97.5% and 2.5% of the Group's total revenue respectively. The increase in revenue was mainly due to increase in works from Lam Tsuen Valley Sewerage – village sewerage, stage 2, phase 1 and phase 2 and also new projects awarded. The Group derived aggregate advertising revenue of approximately HK$4.1 million (2014: approximately HK$3.9 million) from television broadcasting business and large outdoor display screen advertisement business.

During the Period, the revenue of the Group was primarily generated from the undertaking of waterworks contracts in the capacity of a subcontractor. The subcontracting revenue amounted to approximately HK$110.4 million (2014: approximately HK$106.2 million), representing approximately 66.5% (2014: approximately 67.7%) of the total revenue for the Period. On the other hand, the aggregate revenue generated from the undertaking of waterworks contracts in the capacity of a main contractor and jointly controlled operator amounted to approximately HK$51.4 million (2014: approximately HK$46.7 million), representing approximately 31.0% (2014: approximately 29.8%) of the total revenue for the Period.

Cost of services

The Group's cost of services for the Period increased by approximately 7.8% to approximately HK$161.5 million (2014: approximately HK$149.8 million) as compared with that for the same period of the previous year. The Group's cost of services mainly includes costs of construction services, costs of television broadcasting business and direct costs attributable to large outdoor display screen advertisement business. Costs of construction services mainly comprise raw materials, direct labour and subcontracting fee for services provided by the subcontractors. Costs of television broadcasting business mainly comprise transmission costs and broadcasting fee. Transmission costs comprise satellite transmission fee and carriage fee payable to satellite operators while broadcasting fee comprises annual fee payable to media broadcasting providers and China Xinhua NNC. Direct costs attributable to large outdoor display screen advertisement business mainly comprise depreciation charges of LED display screens and control room.

Gross profit

The gross profit of the Group for the Period decreased by approximately 38.0% to approximately HK$4.4 million (2014: approximately HK$7.0 million) as compared with that for the same period of the previous year. The gross profit margin of the Group decreased to approximately 2.6% for the Period (2014: approximately 4.5%). The decrease in gross profit and gross profit margin was largely due to large portion of revenue and gross margin derived from certain waterworks engineering projects recognised at the early stage in the prior years.

Other income

The Group's other income for the Period decreased by 81.6% to approximately HK$0.7 million (2014: approximately HK$4.1 million) as compared with that for the same period of the previous year. The decrease in other income was mainly due to recognition of one-off item, i.e., the waiver of promissory note interests from a noteholder during the six months ended 30 September 2014.

Other gains and losses

The Group's other gains and losses for the Period decreased by approximately 79.9% to approximately HK$2.0 million (2014: approximately HK$9.8 million) as compared with that for the same period of the previous year. The decrease in other gains and losses was mainly due to recognition of one-off item, i.e. gains arising on extension of promissory note during the six months ended 30 September 2014.

Amortisation expenses

The Group's amortisation expenses for the Period increased by approximately 4.8% to approximately HK$11.9 million (2014: approximately HK$11.3 million) as compared with that for the same period of the previous year. The amortisation expenses mainly consisted of amortisation charges of television broadcasting right and film rights for the television broadcasting business.

Selling and distribution expenses

The Group's selling and distribution expenses for the Period amounted to approximately HK$52,000 (2014: nil). The selling and distribution expenses mainly consisted of advertising expenses for the television broadcasting business.

Administrative expenses

The Group's administrative expenses for the Period decreased by approximately 2.8% to approximately HK$16.1 million (2014: approximately HK$16.5 million) as compared with that for the same period of the previous year. The administrative expenses mainly consisted of legal and professional fees, staff costs (including Directors' remuneration), depreciation expenses and rental expenses.

Finance costs

The Group's finance costs for the Period decreased by approximately 13.9% to approximately HK$16.5 million (2014: approximately HK$19.2 million) as compared with that for the same period of the previous year. The finance costs mainly consisted of interest expenses for the promissory note and convertible notes. The decrease in finance costs was mainly due to decrease in interest expenses of convertible notes due to exercise of conversion rights of convertible notes by the noteholder.

Net Loss

The net loss attributable to owners of the Company for the Period increased by 36.0% to approximately HK$33.5 million (2014: approximately HK$24.6 million) as compared with that for the same period of the previous year. The increase in net loss was mainly due to decrease in gross profit margin and decrease in other gains and losses for the Period.

Loss per Share

The basic loss per Share was approximately HK0.88 cent (2014: approximately HK0.97 cent).

Prospects

As the business environment continues to face challenges, the Group is still prudent about the prospect of its future development. During the Period, the Group's provision of waterworks engineering services remains the major revenue contributor to the Group while the Group continues to devote efforts to further develop its television broadcasting business and large outdoor display screen advertisement business. In spite of the challenges in the market environment, the Group has dedicated its efforts in exploring every potential opportunity and strengthening distribution channels for its television broadcasting business and large outdoor display screen advertisement business. To do so, the Group will keep on cultivating the business cluster in terms of sales strategy, service capability and clientele development and explore the synergy with emerging business segments so as to maintain and expand the market share. Stringent measures are also continuously adopted in the cost control and risk management for the Group's different business segments.

Provision of waterworks engineering services

The Group's waterworks engineering services remains the major source of revenue of the Group. In the coming years, it is believed that the replacement and rehabilitation programme of water mains (the "R&R Programme") launched by Water Supplies Department of the government of Hong Kong ("WSD") will continue to open up numerous waterworks opportunities to the Group. According to WSD, Stage 4 Phase 1 of about 500 kilometres and Phase 2 of about 350 kilometres of water mains of the R&R Programme had commenced in March 2011 and January 2012 respectively and will both be completed in 2015.

The Group will continue to operate the business of provision of waterworks engineering services which will generate steady revenue to the Group. However, in view of the lackluster economy outlook, intense competition and threats from rising construction costs, the profit margin derived has diminished across the years. As such, the Group takes a cautious approach in cost management and works selectively with creditworthy customers so as to combat with the potential adverse effects of uncertainties and boost its overall profitability. Also, the Group will grasp opportunities arising from other various projects, including government projects, such as drainage services, road works and site formation works as well as other non-government projects, etc. On 15 July 2015, the Group has successfully obtained another new main construction of advance work for Shek Wu Hui sewage treatment works – further expansion phase 1A and sewerage works at Ping Che Road (contract numbered DC/2013/09), with contract sum of approximately HK$156.0 million. Going forward, the Group will continue to improve its quality of service and enhance management capabilities and competitiveness for bidding for more rewarding contracts in Hong Kong and to further scale up the Group's business. The Group will continue to seek improvement in cost savings, efficiency and profitability and identify opportunities for joint ventures or strategic alliances in a bid to drive its strategy of vertical as well as horizontal expansion.

Television broadcasting business

Recently, due to the scale effect of internet, television broadcasting business is now under overwhelming competitive pressure. Also, the multi-screen viewing habit in turn facilitates the growth of the audience base for multi-media. It is expected that the Group's television broadcasting business will certainly continue to encounter challenges. In face of the difficult operation environment, the Group is actively sought to increase the coverage of the CNC Channels by strengthening and rejuvenating its marketing and sales team internally. Besides, the Group has been pursuing new strategy to cope with the change of viewing habit. The Group aims to co-operate with different multi-media platform providers and content providers pursuant to which the Group would broadcast locally produced programmes, video contents broadcasted in and extracted from the CNC Channels and videos that the Group obtained the licence from the content providers to broadcast via the platforms provided. As such, it can meet the demand of the mass audience by introducing new video contents and advertising formats. With the Group's media business as its rock-solid foundation, we are getting well prepared to keep abreast of the rapid change in media industry and believe that we could grasp the growth momentum when opportunities arise.

Large outdoor display screen advertisement business

Looking forward, the Group aims at constructing more LED displays in other PRC cities so as to increase the attractiveness to the potential advertising customers. With the view of fierce industry competition, the Group is committed to improve the operational and financial efficiency in this business segment, in particular, staying cautious and keeping tight control on costs continuously. Also, the Group will maintain good relationship with its customers and joint operators and work together with them to get through the hard times. While seeking more cooperation opportunities with different partners, the Group will adhere to its development objectives of capturing opportunities in the PRC and expand its domestic market and gain market share in surrounding areas through leveraging its existing market presence. Going forward, with years of experience in the media industry, the Group plans to expand its business segment based on combination of synergies of the strengths of the existing reputation and joint operation arrangements.

In view of the challenging economic and business environment, the Group will continue to adopt sound business strategies and a prudent financial management approach aiming at effectively cost management. Also, the Group aims at realising greater synergies through sharing internal resources between different business segments in order to advance its long-term development. The Group considers that it is beneficial for the Group to seek suitable investment opportunities from time to time to diversify its existing business portfolio into new line of business with growth potential, broaden its source of income and enhance value of the shareholders of the Company.

Capital Structure

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

On 21 July 2015, the Company entered into a placing agreement with Ping An of China Securities (Hong Kong) Company Limited to place a maximum of 300,000,000 Shares to not less than six placees at an issue price of HK$0.25 per placing Share and that the net price to the Company of each placing Share is approximately HK$0.24375. The placing price represented (i) a discount of approximately 15.25% to the closing price of HK$0.295 per Share as quoted on the Stock Exchange on 21 July 2015, being the last trading date of the placing agreement; and (ii) a discount of approximately 18.57% to the average closing price of HK$0.307 per Share as quoted on the Stock Exchange for the five consecutive trading days preceding 21 July 2015. The placing Shares were placed to not less than six placees, who and whose ultimate beneficial owners are independent institutional, professional and/or individual investors and not concert parties with the controlling shareholder(s) (if any) (as defined under Hong Kong

Code on Takeovers and Mergers), and not connected with any directors, chief executive or substantial shareholder (if any) of the Company or its subsidiaries and their respective associates. None of the placees and their respective associates became a substantial shareholder of the Company as a result of the placing. The Directors were of the view that the placing would strengthen the financial position of the Group, including its ability to meet any future obligations and further expand the Group's business. The Directors considered that the terms of the placing agreement, including the rate of the placing commission, were fair and reasonable based on the current market conditions. Accordingly, the Board considered that the placing was in the interests of the Company and the shareholders of the Company as a whole. The completion of the placing took place on 4 August 2015 and an aggregate of 260,000,000 placing Shares have been successfully placed to not less than six placees at issue price of HK$0.25 per Share and raised gross proceeds of approximately HK$65.0 million. The proceeds from the placing will be used for general working capital of the Company and development of business(es) in line with future development policy of Xinhua News Agency, the substantial shareholder of the Company and in the best interests of the Company and the shareholders of the Company as a whole. Further details were set out in the announcements of the Company dated 21 July 2015 and 4 August 2015 respectively.

Total equity attributable to owners of the Company amounted to approximately HK$18.0 million in surplus as at 30 September 2015 (31 March 2015: approximately HK$29.0 million in deficit). The change from deficit to surplus was mainly resulted from fund raising activities from placing and conversion of convertible notes from the noteholder.

Liquidity and Financial Resources

During the Period, the Group generally financed its operations through internally generated cash flows and net proceeds from placing exercise.

As at 30 September 2015, the Group had net current assets of approximately HK$125.1 million (31 March 2015: approximately HK$73.2 million), including cash balance of approximately HK$121.1 million (31 March 2015: approximately HK$62.2 million). The current ratio, being the ratio of current assets to current liabilities, was approximately 1.97 as at 30 September 2015 (31 March 2015: approximately 1.66). The increase in current ratio were primarily due to fund raising activities from placing.

Gearing Ratio

The gearing ratio, which is based on the amount of total bank overdraft, promissory note and convertible notes and finance lease payables and advance received from customers divided by total assets, was approximately 58.5% as at 30 September 2015 (31 March 2015: approximately 70.1%). The decrease was resulted from decrease in borrowed funds due to exercise of conversion rights of convertible notes by the noteholder and increase in total assets.

Foreign Exchange Exposure

The group entities collect most of the revenue and incur most of the expenditures in their respective functional currencies. The Directors consider that the Group's exposure to foreign currency exchange risk is insignificant as the majority of the Group's transactions are denominated in the functional currency of each individual group entity. During the Period, 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 banks.

Capital Commitment

As at 30 September 2015, the Group did not have any outstanding commitment (31 March 2015: nil) in respect of acquisition of property, plant and equipment. Save as aforesaid, the Group did not have any significant capital commitments.

Charges on the Group's Assets

The Group's machineries and motor vehicles with net book values of approximately HK$0.4 million (31 March 2015: approximately HK$0.8 million) and HK$12.9 million (31 March 2015: approximately HK$12.3 million) was held under finance lease as at 30 September 2015. As at 30 September 2015, the Group pledged its motor vehicles with net book value of approximately HK$0.4 million (31 March 2015: machinery and motor vehicles with net book values of approximately HK$12,000 and HK$0.7 million respectively) as securities for its performance of obligation 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 30 September 2015, the Group did not have any material contingent liabilities (31 March 2015: Nil).

Dividends

The Board does not recommend the payment of any dividend for the Period.

Information on Employees

As at 30 September 2015, the Group had 261 full-time employees in Hong Kong and the PRC and over 90% of them are direct labour. Total staff costs (including Directors' remuneration) for the Period amounted to approximately HK$39.1 million (2014: approximately HK$39.7 million), representing a decrease of approximately 1.6% over that for the previous year.

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

Significant Investment Held

Except for investment in subsidiaries, during the Period and as at the end of the reporting period, the Group did not hold any significant investment in equity interest in any company.

Future Plans for Material Investments and Capital Assets

As at 30 September 2015, the Group did not have other plans for material investments and capital assets.

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

During the Period, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

Share Option Scheme

The share option scheme of the Company was adopted and approved by the shareholders of the Company on 11 August 2010. No share options have been granted pursuant to the share option scheme during the Period.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 September 2015, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (Cap. 571, Laws of Hong Kong) ("SFO")) which have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO); or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or which were required to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rule 5.46 of the GEM Listing Rules, were as follows:

Long position in the Shares:

Name	Capacity/Nature of interest	Number of Shares held	Percentage of aggregate interests to total issued share capital
Mr. Kan Kwok Cheung ("Mr. Kan") *(Note)*	Interest in controlled corporation	69,000,000	1.70%
Mr. Chia	Beneficial owner	14,600,000	0.36%

Note:

Mr. Kan is the sole beneficial owner of Shunleetat (BVI) Limited ("Shunleetat"), which was interested in 69,000,000 Shares. Under the SFO, Mr. Kan is deemed to be interested in all the Shares held by Shunleetat.

Saved as disclosed above, as at 30 September 2015, none of the Directors and chief executive of the Company had any other interests or short positions in any Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or which were required to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rule 5.46 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as was known to the Directors, as at 30 September 2015, the following persons/entities (other than the Directors or chief executive of the Company) had, or are deemed to have, interests or short positions in the Shares, underlying Shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who/which were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group or who/which were recorded in the register required to be kept by the Company under Section 336 of the SFO with details as follows:

Long position in the Shares:

	Number of Shares held		Number of underlying Shares under convertible notes *(Note a)*			
Name	**Beneficial owner**	**Interest in controlled corporation**	**Beneficial owner**	**Interest in controlled corporation**	**Total interests**	**Percentage of aggregate interests to total issued share capital**
China Xinhua NNC	1,188,621,377 *(Note b)*	–	1,311,378,623 *(Note b)*	–	2,500,000,000	61.65%
CNC China	–	1,188,621,377 *(Note b)*	–	1,311,378,623 *(Note b)*	2,500,000,000	61.65%

Notes:

(a) Details of the convertible notes were set out in the circulars of the Company dated 19 November 2011 and 6 January 2015.

(b) China Xinhua NNC is wholly and beneficially owned by CNC China. Accordingly, CNC China is deemed to be interested in the 1,188,621,377 Shares and 1,311,378,623 underlying Shares held by China Xinhua NNC under the SFO.

Saved as disclosed above, as at 30 September 2015, the Directors were not aware of any other person/entity (other than the Directors or chief executive as disclosed in the paragraph headed "Directors' and chief executive's interests and short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations" above) who/which had, or is deemed to have, interests or short positions in the Shares, underlying Shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who/which were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group or who/which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this announcement, none of the Directors and their respective associates including spouses and children under 18 years of age was granted by the Company or its subsidiaries any right to acquire shares or debentures of the Company or any other body corporate, or had exercised any such right during the Period.

PURCHASE, SALE OR REDEMPTION OF THE SHARES

During the Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Shares.

CONNECTED TRANSACTIONS

During the Period, the Group entered into following continuing connected transactions:

Television Broadcasting Right Agreement

On 5 September 2011, Xinhua TV Asia-Pacific entered into a television broadcasting right agreement (the "Television Broadcasting Right Agreement") with China Xinhua NNC, pursuant to which China Xinhua NNC granted the television broadcasting right in respect of broadcasting information contents from Xinhua News Agency under the CNC Channels on television channels in the Asia-Pacific region (excluding the PRC) to the Group for an annual fee of HK$1.0 million prior to 31 December 2016 and HK$3.0 million with effective from 1 January 2017. The Television Broadcasting Right Agreement has a term of 120 months from 1 September 2011 to 31 August 2021. Since China Xinhua NNC is a substantial shareholder of the Company, and therefore a connected person of the Company within the meaning of the GEM Listing Rules, the transactions contemplated under the Television Broadcasting Right Agreement constitute continuing connected transactions for the Company pursuant to Chapter 20 of the GEM Listing Rules.

CRU Framework Agreement

On 19 December 2012, CNC China and the Ministry of Commerce of the PRC (“MOFCOM”) Department of Foreign Investment Administration (商務部外國投資管理司) entered into an advertisement broadcasting agreement (the “MOFCOM Advertisement Broadcasting Agreement”) in relation to the provision of advertising resources of the television channels controlled by CNC China to broadcast advertisements of the MOFCOM Department of Foreign Investment Administration.

On 25 December 2012, Sichuan Branch of Xinhua News Agency and Yibin Wuliangye Liquor Sales Co., Ltd entered into an advertisement broadcasting agreement (the “Wuliangye Advertisement Broadcasting Agreement”) in relation to the provision of advertising resources of the television channels controlled by CNC China to broadcast advertisements of Yibin Wuliangye Liquor Sales Co., Ltd. On 22 July 2013, CNC China and Sichuan Branch of Xinhua News Agency entered into an advertisement broadcasting authorisation agreement (the “Wuliangye Advertisement Broadcasting Authorisation Agreement”) in relation to the provision of advertising resources of the television channels controlled by CNC China to broadcast advertisements of Yibin Wuliangye Liquor Sales Co., Ltd.

To support the operation of the Company, on 22 July 2014, the Company and CNC China entered into the CRU Framework Agreement, pursuant to which the Company will and will procure its subsidiaries to provide advertising resources on the television channels controlled by the Company to CNC China and its associates for the advertisement business of independent third party clients undertook by them. As consideration, CNC China and its associates will pay advertisement broadcasting fees to the Company and its subsidiaries. The CRU Framework Agreement will have a term of 3 years ending on 31 March 2016.

In order to implement the CRU Framework Agreement, on 22 July 2013, Xinhua TV Asia-Pacific entered into a channel resources usage agreement (the “MOFCOM CRU Agreement”) with CNC China, pursuant to which Xinhua TV Asia-Pacific agreed to provide advertising resources on its television channels for broadcasting advertisements of the MOFCOM Department of Foreign Investment Administration. On the same day, Xinhua TV Asia-Pacific entered into a channel resources usage agreement (the “Wuliangye CRU Agreement”) with CNC China pursuant to which Xinhua TV Asia-Pacific agreed to provide advertising resources on its television channels for broadcasting advertisements of Yibin Wuliangye Liquor Sales Co., Ltd. Both MOFCOM CRU Agreement and Wuliangye CRU Agreement became effective on 22 July 2013 and will end on 31 March 2016.

As consideration for using such advertising resources, CNC China will pay the Group 50% of the advertisement broadcasting fees (after deducting applicable PRC taxes) it receives from the MOFCOM Department of Foreign Investment Administration under the MOFCOM Advertisement Broadcasting Agreement (including those received before the effectiveness of the MOFCOM CRU Agreement); and 50% of the advertisement broadcasting fees (after deducting applicable PRC taxes) it receives from Sichuan Branch of Xinhua News Agency under the Wuliangye Advertisement Broadcasting Authorisation Agreement (including those received before the effectiveness of the Wuliangye CRU Agreement). Such advertisement broadcasting fees that CNC China are entitled to equal to 30% of the advertisement broadcasting fees that Sichuan Branch of Xinhua News Agency receives from Yibin Wuliangye Liquor Sales Co., Ltd. under the Wuliangye Advertisement Broadcasting Agreement (including those received before the effectiveness of the Wuliangye Advertisement Broadcasting Authorisation Agreement).

Since CNC China is a substantial shareholder and a connected person of the Company within the meaning of the GEM Listing Rules, the transactions contemplated under the CRU Framework Agreement constitute continuing connected transactions for the Company pursuant to Chapter 20 of the GEM Listing Rules.

Announcement Posting Agreement

On 6 May 2015 and 11 June 2014, the Company entered into agreements (the "Announcement Posting Agreements") with Hong Kong Listco Limited ("HKLC") pursuant to which HKLC will provide the Company with the service of dissemination of announcements including hosting and posting of announcements, press releases or other documents as required by the GEM Listing Rules on the website(s) of the Group at a monthly service fee of HK$750 for a term of one year commencing from 1 July 2015 and 1 July 2014 respectively. HKLC is a company incorporated in Hong Kong and is wholly and beneficially owned by Mr. Chia. The Company considers it more cost effective to engage a professional firm to take up this announcement posting obligation after listing.

GEM Listing Rules Implications

Pursuant to Rule 20.41 of the GEM Listing Rules, the transactions contemplated under the Television Broadcasting Right Agreement are subject to the applicable reporting, annual review and disclosure requirements under Chapter 20 of the GEM Listing Rules. The Company will comply with the applicable reporting, disclosure and independent shareholders' approval requirements, as the case may be, under Chapter 20 of the GEM Listing Rules upon any variation or renewal of the Television Broadcasting Right Agreement.

Also pursuant to Rule 20.41 of the GEM Listing Rules, the transactions contemplated under the CRU Framework Agreement are subject to the applicable reporting, announcement and annual review requirements but exempt from independent shareholders' approval requirement under Chapter 20 of the GEM Listing Rules because the highest applicable percentage ratio of the annual caps, calculated on an annual basis, is more than 0.1% but less than 5%. The Company will comply with the applicable reporting, disclosure and independent shareholders' approval requirements, as the case may be, under Chapter 20 of the GEM Listing Rules upon any variation or renewal of the CRU Framework Agreement.

As the annual service fee payable under the Announcement Posting Agreements referred to above is less than HK$1.0 million and none of the percentage ratios, on an annual basis, equals or exceeds 5%, and the Announcement Posting Agreements were entered into in the ordinary and usual course of business of the Group, the transactions under the aforesaid agreements are exempt continuing connected transactions of the Company pursuant to Rule 20.33(3)(c) of the GEM Listing Rules, which are exempt from reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

Save as disclosed above, none of the Directors, controlling shareholders and their respective associates has any other conflict of interests with the Group during the Period.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms which are the same as the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company periodically issues notices to its Directors reminding them of the general prohibition on dealing in the Company's listed securities during the blackout periods before the publication of announcements of financial results. The Company has confirmed, having made specific enquiry of the Directors, that all the Directors have complied with the required standards of dealings throughout the Period under review. The Company was not aware of any non-compliance in this respect during the Period.

CODE ON 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 Period.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") was established on 11 August 2010 with terms of reference in compliance with paragraph C.3.3 of the Code. The primary duties of the Audit Committee include, among other things, reviewing and supervising the financial reporting process and internal control systems, as well as the overall risk management of the Group, reviewing the financial statements and the quarterly, interim and annual reports of the Group, and reviewing the terms of engagement and scope of audit work of the external auditors.

As at 30 September 2015, the members of the Audit Committee are Mr. Wong Chung Yip, Kenneth, Dr. Li Yong Sheng, The Hon. Ip Kwok Him, *GBS, JP*, Mr. Wan Chi Keung, Aaron, *BBS, JP* and Mr. Jin Hai Tao. Mr. Wong Chung Yip, Kenneth is the chairman of the Audit Committee. The Audit Committee had reviewed the unaudited condensed consolidated results of the Group for the Period and is of the opinion that the preparation of such results complied with the applicable accounting standards and that adequate disclosures have been made.

By Order of the Board
CNC Holdings Limited
Li Yuet Tai
Company secretary

Hong Kong, 6 November 2015

As at the date of this announcement, the Directors are Mr. Zhang Hao[1] (Chairman), Mr. Zou Chen Dong[1] (Vice Chairman and Chief Executive Officer), Mr. Kan Kwok Cheung[1], Mr. Chia Kar Hin, Eric John[1], Dr. Li Yong Sheng[2], The Hon. Ip Kwok Him, GBS, JP[3], Mr. Wan Chi Keung, Aaron, BBS, JP[3], Mr. Jin Hai Tao[3] and Mr. Wong Chung Yip, Kenneth[3].

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

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