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 2016

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.

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	**2016**	2015
		HK$'000	*HK$'000*
Revenue	0.4%	**370,939**	369,635
Gross profit	197.4%	**68,651**	23,082
Loss before income tax	8.5%	**(49,218)**	(45,352)
Loss attributable to the owners of the Company	11.3%	**(46,443)**	(41,723)
Basic loss per Share	-11.9%	**(1.18)**	(1.34)
Dividend per Share *(HK cents)*	N/A	**N/A**	N/A

Consolidated Financial Position

As at 31 March

	Changes	**2016**	2015
		HK$'000	*HK$'000*
Total assets	14.2%	**418,840**	366,612
Cash and cash equivalents	104.9%	**127,377**	62,166
Total liabilities	4.7%	**414,209**	395,578
Equity attributable to the owners of the Company	116.0%	**4,631**	(28,966)

Ratios

As at 31 March

	2016	2015
Return on equity *(Note a)*	**-1,002.9%**	N/A
Return on assets *(Note b)*	**-11.1%**	-11.4%
Current ratio *(Note c)*	**2.13 times**	1.66 times
Gearing ratio *(Note d)*	**62.5%**	70.1%

Notes:

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

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

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

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

DEFINITIONS

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

"Board"	the board of Directors
"BVI"	the British Virgin Islands
"China Xinhua NNC"	China Xinhua News Network Co., Limited (中國新華新聞電視網有限公司), a company incorporated in Hong Kong and a wholly-owned subsidiary of Xinhua News Agency (新華社) and a Shareholder of the Company
"CNC China"	中國新華新聞電視網有限公司, a company incorporated in the PRC, which owns 100% of the equity interests in China Xinhua NNC, a wholly-owned subsidiary of Xinhua News Agency and a substantial Shareholder of the Company
"Company"	CNC Holdings Limited (中國新華電視控股有限公司), a company incorporated in the Cayman Islands with limited liability on 15 March 2010
"Director(s)"	director(s) of the Company
"Financial Statements"	the audited financial statements of the Group for the year ended 31 March 2016
"GEM"	the Growth Enterprise Market of the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM
"Government"	the Government of Hong Kong
"Group"	the Company and its subsidiaries
"HK$" and "HK cent(s)"	Hong Kong dollar(s) and cent(s), respectively, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

"Macau"	the Macau Special Administrative Region of the PRC
"PRC"	the People's Republic of China, excluding Hong Kong, Macau and Taiwan
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended or otherwise modified from time to time
"Share(s)"	ordinary share(s) of the Company
"Share Option Scheme"	the share option scheme of the Company adopted on 11 August 2010
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"WSD"	Water Supplies Department 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 2016 together with the comparative figures for 2015 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2016

	Notes	**2016**	2015
		HK$'000	*HK$'000*
Revenue	*4*	**370,939**	369,635
Cost of services		**(302,288)**	(346,553)
Gross profit		**68,651**	23,082
Other income	*5*	**906**	4,136
Other gains and losses	*6*	**1,950**	10,083
Amortisation expenses		**(23,598)**	(24,088)
Selling and distribution expenses		**(97)**	(226)
Administrative expenses		**(34,992)**	(33,121)
Changes in fair value of financial assets at fair value through profit or loss		**(5,773)**	502
Profit/(loss) from operations	*8*	**7,047**	(19,632)
Finance costs	*9*	**(34,276)**	(25,720)
Impairment loss on intangible assets		**(19,751)**	–
Impairment loss on trade receivables		**(2,238)**	–
Loss before income tax		**(49,218)**	(45,352)
Income tax	*10*	**2,775**	3,629
Loss for the year		**(46,443)**	(41,723)
Other comprehensive (loss)/income			
Items that may be classified subsequently to profit or loss			
Exchange differences on translating foreign operations		**(1,388)**	108
Other comprehensive (loss)/income for the year		**(1,388)**	108
Total comprehensive loss for the year		**(47,831)**	(41,615)
Loss for the year attributable to the owners of the Company		**(46,443)**	(41,723)
Total comprehensive loss for the year attributable to the owners of the Company		**(47,831)**	(41,615)
Loss per share attributable to the owners of the Company			
– Basic and diluted *(HK cents)*	*12*	**(1.18)**	(1.34)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2016

		As at 31 March	
		2016	2015
	Notes	***HK$'000***	*HK$'000*
Non-current assets			
Property, plant and equipment		**40,662**	40,791
Intangible assets		**99,310**	141,081
		139,972	181,872
Current assets			
Film rights		**–**	–
Inventories		**27,134**	23,335
Trade and other receivables	*13*	**116,890**	87,122
Tax recoverable		**1,123**	–
Financial assets at fair value through profit or loss		**6,344**	12,117
Cash and cash equivalents		**127,377**	62,166
		278,868	184,740
Total assets		**418,840**	366,612
Current liabilities			
Trade and other payables	*15*	**106,951**	90,122
Finance lease payables		**5,249**	4,936
Employee benefits		**3,354**	2,569
Bank overdraft		**–**	5,978
Current tax liabilities		**15,278**	7,932
		130,832	111,537
Net current assets		**148,036**	73,203
Total assets less current liabilities		**288,008**	255,075
Non-current liabilities			
Finance lease payables		**4,197**	4,673
Promissory note		**40,995**	38,080
Convertible notes		**211,482**	203,326
Deferred tax liabilities		**26,703**	37,962
		283,377	284,041
Total liabilities		**414,209**	395,578
Net assets/(liabilities)		**4,631**	(28,966)
Capital and reserves			
Share capital	*16*	**4,055**	3,693
Reserves	*17*	**576**	(32,659)
Total equity		**4,631**	(28,966)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2016

	Share capital *HK$'000*	Share premium *HK$'000*	Capital reserves *HK$'000*	Convertible notes equity reserves *HK$'000*	Foreign currency translation reserves *HK$'000*	Other reserves *HK$'000*	Accumulated losses *HK$'000*	Total equity *HK$'000*
At 1 April 2014	1,980	795,912	–	15,663	45	9,868	(1,231,407)	(407,939)
Loss for the year	–	–	–	–	–	–	(41,723)	(41,723)
Other comprehensive income for the year:								
Items that may be classified subsequently to profit or loss:								
Exchange differences on translating foreign operations	–	–	–	–	108	–	–	108
Total comprehensive income/(loss) for the year	–	–	–	–	108	–	(41,723)	(41,615)
Issue of Shares pursuant to placing	335	83,390	–	–	–	–	–	83,725
Transaction costs attributable to issue of 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
Transfer to accumulated losses upon mature of convertible notes	–	–	–	(7,932)	–	–	7,932	–
Recognition of convertible notes equity reserves on extension of convertible notes	–	–	–	80,844	–	–	–	80,844
Deferred tax liability arising on extension of convertible notes	–	–	–	(13,339)	–	–	–	(13,339)
At 31 March 2015 and 1 April 2015	3,693	1,155,013	–	67,505	153	9,868	(1,265,198)	(28,966)
Loss for the year	–	–	–	–	–	–	(46,443)	(46,443)
Other comprehensive loss for the year:								
Items that may be classified subsequently to profit or loss:								
Exchange differences on translating foreign operations	–	–	–	–	(1,388)	–	–	(1,388)
Total comprehensive loss for the year	–	–	–	–	(1,388)	–	(46,443)	(47,831)
Issue of Shares pursuant to placing	260	64,740	–	–	–	–	–	65,000
Transaction costs attributable to issue of Shares pursuant to placing	–	(1,655)	–	–	–	–	–	(1,655)
Issue of Shares pursuant to conversion of convertible notes	102	20,097	–	(4,874)	–	–	–	15,325
Capital contribution from a Shareholder	–	–	2,758	–	–	–	–	2,758
At 31 March 2016	**4,055**	**1,238,195**	**2,758**	**62,631**	**(1,235)**	**9,868**	**(1,311,641)**	**4,631**

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL

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

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

The principal activities of the Company are investment holding, provision of management services and television broadcasting business. The principal activities of its subsidiaries are the provision of waterworks engineering services, road works and drainage services and site formation works for the public sector in Hong Kong, television broadcasting business in the Asia-Pacific region (excluding the PRC) in return for advertising and related revenue and large outdoor display screen advertisement business in the PRC.

At 31 March 2016, the major shareholder of the Company is China Xinhua NNC, a company incorporated in Hong Kong.

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 "HKICPA")that are relevant to its operations and effective for annual periods on or after 1 April 2015.

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRS 2010 – 2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRS 2011 – 2013 Cycle

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

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:

HKFRS 9	Financial Instruments[3]
HKFRS 14	Regulatory Deferral Accounts[1]
HKFRS 15	Revenue from Contracts with Customers[3]
Amendments to HKFRS 11	Accounting for Acquisitions of Interest in Joint Operations[2]
Amendments to HKAS 1	Disclosure Initiative[2]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[2]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[2]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle[2]

[1] Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application permitted.

[2] Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

[3] Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

[4] Effective for annual periods beginning on or after a date to be determined.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' measurement category for certain simple debt instruments.

Key requirements of HKFRS 9:

- All recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are 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. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrecoverable 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.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Directors anticipate that HKFRS 9 in the future may have a material impact on amounts reported and disclosures made in the consolidated financial statements. However, it is not practical to provide a reasonable estimate of the effect of HKFRS 9 until the Group performs a detailed review.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The Directors anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

Amendments to HKFRS 11 Accounting for Acquisitions of Interests in Joint Operations

The amendments to HKFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in HKFRS 3 Business Combinations. Specifically, the amendments state that the relevant principles on accounting for business combinations in HKFRS 3 and other standards (e.g. HKAS 12 Income Taxes regarding the recognition of deferred taxes at the time of acquisition and HKAS 36 Impairment of Assets regarding impairment testing of a cash-generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by HKFRS 3 and other standards for business combinations.

The amendments should be applied prospectively to acquisitions of interests in joint operations (in which the activities of the joint operations constitute business as defined in HKFRS 3) occurring from the beginning of annual periods beginning on or after 1 January 2016. The Directors anticipate that the application of these amendments to HKFRS 11 may have an impact on the Group's consolidated financial statements in the future should such transactions arise.

Amendments to HKAS 1 Disclosure Initiative

The amendments to HKAS 1 Presentation of Financial Statements give some guidance on how to apply the concept of materiality in practice.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 January 2016. The Directors do not anticipate that the application of these amendments to HKAS 1 will have a material impact on the amounts recognised in the Group's consolidated financial statements.

Amendments to HKAS 16 and HKAS 38 Clarification of Acceptable Method of Depreciation and Amortisation

The amendments to HKAS 16 Property, Plant and Equipment prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 Intangible Assets introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

a) when the intangible asset is expressed as a measure of revenue; or

b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Currently, the Group uses the straight-line method for depreciation and amortisation for its property, plant and equipment, and intangible assets respectively. The Directors believe that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, the Directors do not anticipate that the application of these amendments to HKAS 16 and HKAS 38 will have a material impact on the Group's consolidated financial statements.

Amendments to HKAS 16 and HKAS 41 Agriculture: Bearer Plants

The amendments to HKAS 16 Property, Plant and Equipment and HKAS 41 Agriculture define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with HKAS 16, instead of HKAS 41. The produce growing on bearer plants continues to be accounted for in accordance with HKAS 41.

The Directors do not anticipate that the application of these amendments to HKAS 16 and HKAS 41 will have a material impact on the Group's consolidated financial statements as the Group is not engaged in agricultural activities.

Amendments to HKAS 27 Equity Method in Separate Financial Statements

The amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statement:

- At cost

- In accordance with HKFRS 9 Financial Instruments (or HKAS 39 Financial Instruments: Recognition and Measurement for entities that have not yet adopted HKFRS 9), or

- Using the equity method as described in HKAS 28 Investments in Associates and Joint Ventures.

The accounting option must be applied by category of investments.

The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it shall account for the change from the date when the change in status occurred.

In addition to the amendments to HKAS 27, there are consequential amendments to HKAS 28 to avoid a potential conflict with HKFRS 10 Consolidated Financial Statements and to HKFRS 1 First time Adoption of Hong Kong Financial Reporting Standards.

The Directors do not anticipate that the application of these amendments to HKAS 27 will have a material impact on the Group's consolidated financial statements.

Annual Improvement to HKFRSs 2012 – 2014 Cycle

The Annual Improvements to HKFRSs 2012 – 2014 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 5 introduce specific guidance in HKFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa). The amendments clarify that such a change should be considered as a continuation of the original plan of disposal and hence requirements set out in HKFRS 5 regarding the change of sale plan do not apply. The amendments also clarify the guidance for when held-for-distribution accounting is discontinued.

The amendments to HKFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets.

The amendments to HKAS 19 clarify that the rate used to discount post-employment benefit obligations should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The assessment of the depth of a market for high quality corporate bonds should be at the currency level (i.e. the same currency as the benefits are to be paid). For currencies for which there is no deep market in such high quality corporate bonds, the market yields at the end of the reporting period on government bonds denominated in that currency should be used instead.

The Directors do not anticipate that the application of these amendments will have a material effect on the amounts recognised in the Group's consolidated financial statements.

The Directors do not anticipate that the application of other new and revised HKFRSs will have a material effect on the Group's consolidated financial statements.

3. BASIS OF PRESENTATION

(a) Statement of compliance

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 (Cap. 622). In addition, the Financial Statements include applicable disclosures required by the GEM Listing Rules.

(b) Basis of preparation

The Financial Statements have been prepared under the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Group takes into account the characteristics into account when pricing the asset or liability at the measurement date.

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 2015, except for the adoption of new and revised HKFRSs as disclosed in note 2.

(c) Functional and presentation currency

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

4. REVENUE

Revenue recognised during the years ended 31 March 2016 and 2015 were as follows:

	2016	2015
	HK$'000	*HK$'000*
Construction works	**360,998**	358,684
Advertising income	**9,941**	10,951
	370,939	369,635

5. OTHER INCOME

Other income recognised during the years ended 31 March 2016 and 2015 were as follows:

	2016	2015
	HK$'000	*HK$'000*
Interest income	**315**	49
Dividend income	**142**	–
Waiver of interests on convertible notes	**400**	–
Waiver of interests on promissory note	**–**	4,054
Sundry income	**49**	33
	906	4,136

6. OTHER GAINS AND LOSSES

Other gains and losses recognised during the years ended 31 March 2016 and 2015 were as follows:

	2016	2015
	HK$'000	*HK$'000*
Exchange gain/(loss), net	**1,157**	(80)
Net gains on disposal of property, plant and equipment	**793**	1,455
Gains arising from extension of promissory note	**–**	8,708
	1,950	10,083

7. 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 the 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 and operating segment.

For the year ended 31 March 2016

	Provision of waterworks engineering services *HK$'000*	Television broadcasting business *HK$'000*	Large outdoor display screen advertisement business *HK$'000*	Elimination *HK$'000*	Total *HK$'000*
Revenue from external customers	360,998	8,589	1,352	–	370,939
Inter-segment sales	–	2,586	–	(2,586)	–
Other income and gains	1,295	3	1,379	–	2,677
Reportable segment revenue	362,293	11,178	2,731	(2,586)	373,616
Reportable segment results	57,801	(46,181)	(3,877)		7,743
Unallocated corporate income					854
Unallocated corporate expenses					(23,539)
Finance costs					(34,276)
Loss before income tax					(49,218)

For the year ended 31 March 2015

	Provision of waterworks engineering services *HK$'000*	Television broadcasting business *HK$'000*	Large outdoor display screen advertisement business *HK$'000*	Elimination *HK$'000*	Total *HK$'000*
Revenue from external customers	358,684	9,881	1,070	–	369,635
Inter-segment sales	–	788	–	(788)	–
Other income and gains	3	1,455	–	–	1,458
Reportable segment revenue	358,687	12,124	1,070	(788)	371,093
Reportable segment results	12,859	(25,396)	(2,751)		(15,288)
Unallocated corporate income					13,344
Unallocated corporate expenses					(17,688)
Finance costs					(25,720)
Loss before income tax					(45,352)

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 central administration costs, interest income, finance costs, gains arising from extension of promissory note, changes in fair value of financial assets at fair value through profit or loss, waiver of the interests on promissory note and convertible notes and income tax expenses. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

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

As at 31 March 2016

	Provision of waterworks engineering services *HK$'000*	**Television broadcasting business** *HK$'000*	**Large outdoor display screen advertisement business** *HK$'000*	**Total** *HK$'000*
Segment assets	**168,671**	**101,774**	**10,615**	**281,060**
Unallocated				**137,780**
Consolidated assets				**418,840**
Segment liabilities	**66,139**	**20,452**	**2,342**	**88,933**
Unallocated				**325,276**
Consolidated liabilities				**414,209**

As at 31 March 2015

	Provision of waterworks engineering services *HK$'000*	Television broadcasting business *HK$'000*	Large outdoor display screen advertisement business *HK$'000*	Total *HK$'000*
Segment assets	129,475	145,299	11,132	285,906
Unallocated				80,706
Consolidated assets				366,612
Segment liabilities	47,879	19,674	445	67,998
Unallocated				327,580
Consolidated liabilities				395,578

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

- all assets are allocated to operating segments other than financial assets at fair value through profit or loss, cash and cash equivalents, current tax recoverable and assets for corporate use. Goodwill is allocated to segment of television broadcasting business; and

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

Other segment information

For the year ended 31 March 2016

	Provision of waterworks engineering services *HK$'000*	**Television broadcasting business** *HK$'000*	**Large outdoor display screen advertisement business** *HK$'000*	**Unallocated** *HK$'000*	**Total** *HK$'000*
Additions to non-current assets	**16,360**	**–**	**2,139**	**1,005**	**19,504**
Depreciation of property, plant and equipment	**12,997**	**–**	**2,638**	**2,111**	**17,746**
Amortisation of film rights	**–**	**1,578**	**–**	**–**	**1,578**
Amortisation of intangible assets	**–**	**22,020**	**–**	**–**	**22,020**
Impairment loss on intangible assets	**–**	**19,751**	**–**	**–**	**19,751**
Impairment loss on trade receivables	**–**	**2,238**	**–**	**–**	**2,238**
Net gains/(losses) on disposal of property, plant and equipment	**1,243**	**–**	**–**	**(450)**	**793**

For the year ended 31 March 2015

	Provision of waterworks engineering services *HK$'000*	Television broadcasting business *HK$'000*	Large outdoor display screen advertisement business *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Additions to non-current assets	11,417	–	1,934	898	14,249
Depreciation of property, plant and equipment	13,548	1	2,217	2,499	18,265
Amortisation of film rights	–	2,129	–	–	2,129
Amortisation of intangible assets	–	21,959	–	–	21,959
Net gains on disposal of property, plant and equipment	1,455	–	–	–	1,455

Revenue from major products and services

The Group's revenue from its major products and services were as follows:

	2016	2015
	HK$'000	*HK$'000*
Construction works	**360,998**	358,684
Advertising income	**9,941**	10,951
	370,939	369,635

Geographical information

The Group's operations are mainly located in Hong Kong and the PRC. The following table provides an analysis of the Group's revenue by location of customers:

	2016	2015
	HK$'000	*HK$'000*
Hong Kong	**361,198**	358,884
PRC	**7,939**	4,060
Overseas	**1,802**	6,691
	370,939	369,635

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

	2016	2015
	HK$'000	*HK$'000*
Hong Kong	**130,569**	171,635
PRC	**9,403**	10,237
	139,972	181,872

Information about major customers

Included in revenue arising from provision of waterworks engineering services of approximately HK$360,998,000 (2015: approximately HK$358,684,000) are revenue generated from three (2015: four) customers amounting to approximately HK$331,413,000 (2015: approximately HK$357,617,000) 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 2016 and 2015.

Revenue from major customers is as follows:

	2016	2015
	HK$'000	*HK$'000*
Customer A	**50,581**	56,388
Customer B	**–**	42,422
Customer C	**210,368**	204,402
Customer D	**70,464**	54,405
Others	**39,526**	12,018
	370,939	369,635

8. PROFIT/(LOSS) FROM OPERATIONS

Profit/(loss) from operations has been arrived at after charging:

	2016	2015
	HK$'000	*HK$'000*
Contract costs recognised as expenses	**290,249**	333,532
Amortisation of film rights (included in amortisation expenses)	**1,578**	2,129
Amortisation of intangible assets (included in amortisation expenses)	**22,020**	21,959
Television broadcasting right fee and television satellite fees (included in cost of services)	**8,898**	10,284
Expenses incurred in provision of large outdoor display screen advertisement business (included in cost of services)	**3,141**	2,737
Auditor's remuneration	**680**	680
Depreciation of property, plant and equipment*	**17,746**	18,265
Staff costs	**86,603**	80,197
Operating lease rentals in respect of rented premises	**18,048**	19,127

* Depreciation of property, plant and equipment of approximately HK$12,494,000 (2015: approximately HK$13,002,000) and approximately HK$2,391,000 (2015: approximately HK$2,292,000) have been separately expensed in contract costs recognised as expenses and expenses incurred in provision of large outdoor display screen advertisement business respectively.

9. FINANCE COSTS

	2016	2015
	HK$'000	*HK$'000*
Interest on:		
Finance leases payables	**355**	375
Bank overdraft wholly repayable within five years	**98**	183
Promissory note	**2,915**	2,665
Convertible notes	**30,908**	22,497
	34,276	25,720

10. INCOME TAX

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

	2016	2015
	HK$'000	*HK$'000*
Current tax – Hong Kong profits tax		
– tax for the year	**8,554**	1,283
– over-provision in respect of prior years	**(36)**	(169)
	8,518	1,114
Current tax – Macau Complementary tax		
– tax for the year	**–**	60
– over-provision in respect of prior years	**(34)**	–
	(34)	60
Deferred tax		
– current year	**(11,259)**	(4,803)
Income tax credit	**(2,775)**	(3,629)

Hong Kong profits tax is calculated at 16.5% (2015: 16.5%) on the estimated assessable profits for the years ended 31 March 2016 and 2015.

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 Macau Complementary tax has been made for the year ended 31 March 2016 as the subsidiary incorporated in Macau has no assessable profits arising in Macau during the year. Macau Complementary tax was calculated at the maximum progressive rate of 12% on the estimated assessable profit during the year ended 31 March 2015.

No provision for PRC Enterprise Income tax has been made as the subsidiary incorporated in the PRC has no assessable profits arising in the PRC during the years ended 31 March 2016 and 2015.

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

	2016		2015	
	HK$'000	*%*	*HK$'000*	*%*
Loss before income tax	**(49,218)**		(45,352)	
Tax calculated at rates, applicable to profits in the countries concerned	**(8,286)**	**16.8**	(7,771)	17.1
Tax effect of expenses not deductible for tax purposes	**676**	**(1.3)**	2,955	(6.5)
Tax effect of income not taxable for tax purpose	**(22)**	**–**	(2,149)	4.7
Over-provision in respect of prior years	**(70)**	**0.1**	(169)	0.4
Tax effect of temporary difference not recognised	**(378)**	**0.8**	256	(0.5)
Utilisation tax losses previously not recognised	**–**	**–**	(234)	0.5
Tax effect of tax losses not recognised	**5,305**	**(10.8)**	3,483	(7.7)
Income tax credit	**(2,775)**	**5.6**	(3,629)	8.0

11. DIVIDENDS

The Board does not recommend the payment of any dividend for the year ended 31 March 2016 (2015: Nil).

12. LOSS PER SHARE

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

	2016	2015
	HK$'000	*HK$'000*
Loss for the purpose of basic and diluted loss per Share	**(46,443)**	(41,723)

	Number of shares	
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic loss per Share	**3,926,963**	3,112,536

Diluted loss per Share for the years ended 31 March 2016 and 31 March 2015 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.

13. TRADE AND OTHER RECEIVABLES

	2016	2015
	HK$'000	*HK$'000*
Trade receivables *(note (i), (iii))*	**62,230**	48,165
Allowance for doubtful debts	**(2,238)**	–
	59,992	48,165
Retention receivables *(note (ii), (iii)), (note 14)*	**12,356**	9,355
Other receivables and prepayments *(note (iv))*	**39,858**	23,724
Amounts due from a substantial Shareholder *(note(v))*	**–**	91
Deposits	**4,684**	4,787
Deposit paid for acquisition of a subsidiary *(note (vi))*	**–**	1,000
	116,890	87,122

Notes:

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

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:

	2016	2015
	HK$'000	*HK$'000*
Current or less than 1 month	**59,330**	45,530
1 to 3 months	**23**	2,533
More than 3 months but less than 12 months	**639**	102
	59,992	48,165

The Group grants an average credit period of 30 days (2015: 30 days) to its trade customers of contract works. Application for progress payments of contract works is made on a regular basis.

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

Ageing of receivables that are past due but not impaired

	2016	2015
	HK$'000	*HK$'000*
Overdue by:		
31-60 days	**23**	2,533
Over 90 days	**639**	102
	662	2,635

Movements in the allowance for doubtful debts

	2016	2015
	HK$'000	*HK$'000*
Balance at the beginning of the year	**–**	9,469
Impairment loss recognised on trade receivables	**2,238**	–
Amounts written-off during the year as uncollectible	**–**	(9,469)
Balance at the end of the year	**2,238**	–

Impairment loss of approximately HK$2,238,000 was recognised in the consolidated statement of profit or loss and other comprehensive income during the year ended 31 March 2016 as the Directors consider that the outstanding amount were not recoverable.

(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 reporting periods.

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

(v) Amount due from a substantial Shareholder was unsecured, interest-free and recoverable on demand. During the year ended 31 March 2016, the highest balance of amount due from a substantial Shareholder was approximately HK$91,000 (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.

14. AMOUNTS DUE FROM CUSTOMERS FOR CONTRACT WORKS

	2016	2015
	HK$'000	*HK$'000*
Contracts in progress at the end of the reporting period:		
Contract costs incurred to date plus recognised profits less recognised loss	**1,370,383**	1,282,544
Less: Progress billings	**(1,370,383)**	(1,282,544)
	–	–

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

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

At 31 March 2016, retentions held by customers for contract works included in other receivables *(note 13)* amounted to approximately HK$12,356,000 (2015: approximately HK$9,355,000).

15. TRADE AND OTHER PAYABLES

	2016	2015
	HK$'000	*HK$'000*
Trade payables	**33,540**	22,480
Retention money payables	**17,197**	15,356
Amount due to a Shareholder *(note (i))*	**9,837**	17,112
Amount due to a Director *(note (iii))*	**–**	2,758
Deferred revenue	**8,409**	555
Interest payables	**20,243**	19,917
Amount due to a related party *(note (ii))*	**2,009**	2,009
Other payables and accruals	**15,716**	9,935
	106,951	90,122

Notes:

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

(ii) Amount due to a related party 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.

(iii) Amounts due to a Director was unsecured, interest free and repayable on demand.

The Group normally settles trade payables within 30 days (2015: 30 days) credit term. Based on the invoice date, ageing analysis of trade payables at the end of the reporting period is as follows:

	2016	2015
	HK$'000	*HK$'000*
Current or less than 1 month	**33,212**	14,767
1 to 3 months	**102**	7,474
More than 3 months but less than 12 months	**2**	–
More than 12 months	**224**	239
	33,540	22,480

16. SHARE CAPITAL

Ordinary shares of HK$0.001 each

	Notes	**Number of shares**	**Share capital** ***HK$'000***
Authorised:			
As at 1 April 2014, 31 March 2015, 1 April 2015 and 31 March 2016		500,000,000,000	500,000
Issued and fully paid:			
As at 1 April 2014		1,980,858,112	1,980
Issue of Shares pursant to the placing	*(a)*	334,900,000	335
Issue of Shares pursuant to the conversions of convertible notes	*(b)*	1,377,551,019	1,378
As at 31 March 2015 and 1 April 2015		3,693,309,131	3,693
Issue of Shares pursant to the placing	*(c)*	260,000,000	260
Issue of Shares pursuant to the conversion of convertible notes	*(d)*	102,040,816	102
As at 31 March 2016		**4,055,349,947**	**4,055**

Notes:

(a) On 17 July 2014, 334,900,000 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$83,725,000 for the purpose of the Group's business development, payment of registered capital of a subsidiary incorporated in the PRC, repayment of unsecured and non-interest bearing advances from certain Directors and general working capital of the Company. The excess of the placing price over the nominal value of the Shares issued was credited to the share premium of the Company.

(b) On 26 May 2014, APT Satellite TV Development Limited, a holder of convertible notes, exercised its conversion right to convert the principal amount of HK$35,000,000 into 178,571,429 Shares. The excess of the conversion price over the nominal value of Shares of approximately HK$179,000, was credited to share premium of the Company.

On 26 May 2014, 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.

On 18 July 2014, a holder of convertible notes exercised its conversion right to convert the principal amount of HK$60,000,000 into 306,122,448 Shares. The excess of the conversion price over the nominal value of Shares of approximately HK$306,000, was credited to share premium of the Company.

On 27 August 2014, a holder of convertible notes exercised its conversion right to convert the principal amount of HK$47,560,000 into 242,653,061 Shares. The excess of the conversion price over the nominal value of Shares of approximately HK$243,000, was credited to share premium of the Company.

On 27 August 2014, Proud Glory Investments Limited, a holder of convertible notes, exercised its conversion right to convert the principal amount of HK$27,440,000 into 140,000,000 Shares. The excess of the conversion price over the nominal value of Shares of approximately HK$140,000 was credited to share premium of the Company.

On 22 September 2014, China Xinhua NNC, a holder of convertible notes, exercised its conversion right to convert the principal amount of HK$80,000,000 into 408,163,265 Shares. The excess of the conversion price over the nominal value of Shares, of approximately HK$408,000, was credited to share premium of the Company.

(c) 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 and in the best interests of the Company and the Shareholders 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.

(d) 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 the share premium of the Company.

17. RESERVES

	Share premium HK$'000	Capital reserves HK$'000	Convertible notes equity reserves HK$'000	Foreign currency translation reserves HK$'000	Other reserves HK$'000	Accumulated losses HK$'000	Total equity HK$'000
At 1 April 2014	795,912	–	15,663	45	9,868	(1,231,407)	(409,919)
Loss for the year	–	–	–	–	–	(41,723)	(41,723)
Other comprehensive income for the year:							
Items that may be classified subsequently to profit or loss:							
Exchange differences on translating foreign operations	–	–	–	108	–	–	108
Total comprehensive income/(loss) for the year	–	–	–	108	–	(41,723)	(41,615)
Issue of Shares pursuant to the placing	83,390	–	–	–	–	–	83,390
Transaction costs attributable to issue of Shares pursuant to the placing	(2,118)	–	–	–	–	–	(2,118)
Issue of Shares pursuant to the conversion of convertible notes	277,829	–	(7,731)	–	–	–	270,098
Transfer to accumulated losses upon mature of convertible notes	–	–	(7,932)	–	–	7,932	–
Recognition of convertible notes equity reserves on extension of convertible notes	–	–	80,844	–	–	–	80,844
Deferred tax liability arising on extension of convertible notes	–	–	(13,339)	–	–	–	(13,339)
At 31 March 2015 and 1 April 2015	1,155,013	–	67,505	153	9,868	(1,265,198)	(32,659)
Loss for the year	–	–	–	–	–	(46,443)	(46,443)
Other comprehensive loss for the year:							
Items that may be classified subsequently to profit or loss:							
Exchange differences on translating foreign operations	–	–	–	(1,388)	–	–	(1,388)
Total comprehensive loss for the year	–	–	–	(1,388)	–	(46,443)	(47,831)
Issue of Shares pursuant to the placing	64,740	–	–	–	–	–	64,740
Transaction costs attributable to issue of Shares pursuant to the placing	(1,655)	–	–	–	–	–	(1,655)
Issue of Shares pursuant to the conversion of convertible notes	20,097	–	(4,874)	–	–	–	15,223
Capital contribution from a Shareholder	–	2,758	–	–	–	–	2,758
At 31 March 2016	**1,238,195**	**2,758**	**62,631**	**(1,235)**	**9,868**	**(1,311,641)**	**576**

18. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the Financial Statements, during the years ended 31 March 2016 and 31 March 2015, the Group had entered into the following material transactions with related parties which, in the opinion of the Directors, were conducted on normal commercial terms and in the ordinary course of the Group's business.

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

Related party relationship	Type of transaction	2016 HK$'000	2015 HK$'000
A company that Mr. Chia Kar Hin, Eric John ("Mr. Chia"), an executive Director, had material interest	Service fee for announcement posting agreement	**9**	9
	Company secretarial fees paid	**–**	51
A company that the spouse of Mr. Chia had material interest	Legal and professional fee paid	**31**	35
China Xinhua NNC	Annual fee for television broadcasting right *(note (i))*	**1,000**	1,000
	Accrued interests on convertible notes *(note (ii))*	**7,425**	10,085
CNC China	Advertising income *(note (iii))*	**3,180**	2,578

Notes:

(i) Pursuant to the agreements signed between the Group and China Xinhua NNC on 5 September 2011, China Xinhua NNC granted the television broadcasting right to Xinhua TV Asia-Pacific for the period from 1 September 2011 to 31 August 2021 on an exclusive basis with an annual fee of 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. The transactions constituted continuing connected transactions under the GEM Listing Rules.

(ii) During the year ended 31 March 2016, the convertible notes interest payable to China Xinhua NNC were amount to approximately HK$7,425,000 (2015: approximately HK$10,085,000).

(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 has a term of 3 years ended on 31 March 2016. The transactions constituted continuing connected transactions under the GEM Listing Rules.

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

As at 31 March 2016 and 31 March 2015, the banking facilities of the Group were secured by corporate guarantee executed by Shunleetat (BVI) Limited, which is wholly and beneficially owned by Mr. Kan, the charges over the properties held by Mr. Kan and personal guarantee provided by Mr. Kan.

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

(b) Compensation of key management personnel of the Group

The key management personnel of the Group are the Directors.

19. COMPARATIVE FINANCIAL INFORMATION

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

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 advertisement business in the PRC. During the year ended 31 March 2016, the Group continued to focus on rendering waterworks engineering services to the public sector in Hong Kong and further develop its television broadcasting business in the Asia-Pacific region (excluding the PRC) and large outdoor display screen advertisement business in the PRC.

Provision of waterworks engineering services

During the year ended 31 March 2016, the Group has been undertaking three main contracts and seven subcontracts. Among the ten contracts, four are related to provision of waterworks engineering services and the remaining contracts are related to provision of drainage and site formation services. Details of the contracts undertaken are set out below:

Contract number	Particulars of contract	Client	Contract period under main contracts
Main contracts			
8/WSD/11	Construction of Pak Shek Kok Fresh Water Service Reservoir Extension	WSD	Dec 2011 – May 2014
3/WSD/13	Mainlying near She Shan Tsuen, Tai Po	WSD	Sept 2013 – Jul 2016
DC/2013/09	Advance Works for Shek Wu Hui Sewage Treatment Works – Further Expansion Phase 1A and Sewerage Works at Ping Che Road	Drainage Services Department of the Government	July 2015 – Aug 2017

Contract number	Particulars of contract	Client	Contract period under main contracts	
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	Hsin Chong Construction Company Limited	Apr 2011 – Dec 2015	**Total contract value** HK$2,035.2 million **Total amount of works certified** *(Note)* HK$1,281.9 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 – Dec 2017	
DC/2012/07	Lam Tsuen Valley Sewerage – village sewerage, stage 2, phase 1	Hsin Chong Tsun Yip Joint Venture	Oct 2012 – Jul 2016	
DC/2012/08	Lam Tsuen Valley Sewerage – village sewerage, stage 2, phase 2	Hsin Chong Tsun Yip Joint Venture	Oct 2012 – Aug 2016	
5/WSD/13	Replacement and rehabilitation of water mains, stage 4 phase 1 and stage 4 phase 2 – mains in northern and eastern New Territories	Hsin Chong Tsun Yip Joint Venture	Nov 2013 – May 2016	
CV/2015/03	Site Formation and Infrastructural Works near Tong Hang Road and Tsz Tin Road in Area 54, Tuen Mun	Hsin Chong Tsun Yip Joint Venture	Nov 2015– May 2019	
810B	West Kowloon Terminus Station South, Contract 810B	Laing O'Rourke – Hsin Chong – Paul Y Joint Venture	Jun 2015 – Oct 2015	

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

Among the above ten contracts, a main contract (contract numbered DC/2013/09) and two subcontracts (contract numbered 810B and CV/2015/03) were newly awarded during the year ended 31 March 2016.

During the year ended 31 March 2016, 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$166.7 million and approximately HK$43.2 million, constituting approximately 44.9% and approximately 11.6% 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 China Xinhua News Network Channel and China Xinhua News Network World Channel (collectively the "CNC Channels") in the Asia-Pacific region (excluding the PRC). In order to boost up this business segment, the Group aimed to co-operate with strategic partners pursuant to which the Group would jointly organize functions and activities with the strategic partners and provide airtime slot of the CNC Channels to the strategic partners in return for sharing of advertising revenue. Also, during the year, the Group had successfully entered into an advertising agency agreement pursuant to which the Group granted 50% advertising time slot to the advertisement agent exclusively for a minimum guarantee of RMB10.0 million per year for a term of three years. The Group believes that the new co-operation arrangement would increase the utilization of airtime slot of the CNC Channels as well as minimize the costs and risks for organizing different activities and functions.

During the year, two feature programmes of the Company, namely "ICAC" and "Macau Macau", have been awarded the Best Documentary (最佳紀錄片獎) and Jury Recommendations (評委會特別推薦獎) respectively at the Gold Aries Award Macau International Film Festival 2016 (2016金羊獎澳門國際電影節) which was held in Macau. Gold Aries Award Macau International Film Festival is organised by Macau International Film & Multicultural Development Promotion Association and coorganised by Beijing Film Academy and is cooperating with numerous international internet enterprises. The Awards affirmed the production quality and success of feature programmes of the Company. The Group will continue to produce information contents according to different social themes.

Large outdoor display screen advertisement business

Due to keen competition in the PRC market, the development pace of large outdoor display screen advertisement business is stagnant. The Group also faces certain uncertainties and risks in operating this business segment. Although the Group aimed to consolidate the existing LED displays and build more LED displays in suitable regions, the progress is still very slow due to resistance from different regulations in different provinces. Currently, the Group has made continuous efforts to improve the operational efficiency by implementing cost control initiatives and co-operating with strategic partners in order to reduce the risks in running this business. Going forward, the Group will remain prudent yet responsive to changing market conditions and execute on market opportunities for any development in order to sustain the profitability improvement in the long run.

The Group is dedicated to creating ample value by various means to its Shareholders. Instead of focusing on short-term catalysts, the Group concentrates on reinforcing its competitive advantages for the delivery of long-term sustainable value. Looking into the future, the Group will continue to explore related industries through strategic cooperation, investment and acquisition while consolidating the existing businesses, to increase the revenue of the Group and maintain a steady growth.

Financial Review

Revenue

For the year ended 31 March 2016, the Group reported a revenue of approximately HK$370.9 million (2015: approximately HK$369.6 million), representing an increase of approximately 0.4% as compared with that for 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 97.3% and approximately 2.7% of the Group's total revenue respectively. The increase in revenue was mainly due to large portion of revenue derived from and recognised at the early stage of certain waterworks engineering projects in the current year. For the year ended 31 March 2016, the Group derived aggregate advertising revenue of approximately HK$9.9 million (2015: approximately HK$10.9 million) from television broadcasting business and large outdoor display screen advertisement business.

During the year ended 31 March 2016, 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			
	2016		2015	
	HK$'000	***% of total***	*HK$'000*	*% of total*
Main contractor	**40,435**	**11.2**	28,094	7.8
Subcontractor	**235,340**	**65.2**	247,891	69.1
Jointly controlled operations	**85,223**	**23.6**	82,699	23.1
Total	**360,998**	**100.0**	358,684	100.0

Cost of services

The Group's cost of services decreased by approximately 12.8% to approximately HK$302.3 million (2015: approximately HK$346.6 million) for the year ended 31 March 2016 as compared with that for the previous year. The Group's cost of services mainly includes costs of construction services, costs of television broadcasting business and 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. The decrease in cost of services was mainly due to the fact that certain waterworks engineering projects were at the final stage of completion or were completed in the current year and the subcontracting fee decreased accordingly. The following table sets out a breakdown of the Group's cost of services:

	For the year ended 31 March			
	2016		2015	
	HK$'000	***% of total***	*HK$'000*	*% of total*
Costs of construction services				
Raw materials	**28,494**	**9.4**	44,155	12.8
Direct labour	**71,801**	**23.8**	65,865	19.0
Subcontracting fee	**124,964**	**41.3**	162,374	46.9
Other direct costs	**64,990**	**21.5**	61,138	17.6
Subtotal	**290,249**	**96.0**	333,532	96.3
Costs of television broadcasting business				
Transmission costs	**2,500**	**0.8**	2,500	0.7
Broadcasting fee and other direct costs	**6,398**	**2.1**	7,784	2.2
Subtotal	**8,898**	**2.9**	10,284	2.9
Direct costs attributable to large outdoor display screen advertisement business	**3,141**	**1.1**	2,737	0.8
Subtotal	**3,141**	**1.1**	2,737	0.8
Total	**302,288**	**100.0**	346,553	100.0

Gross profit

The gross profit of the Group for the year ended 31 March 2016 increased by approximately 197.4% to approximately HK$68.7 million (2015: approximately HK$23.1 million) as compared with that for the previous year. The gross profit margin of the Group increased to approximately 18.5% for the year ended 31 March 2016 (2015: approximately 6.2%). The increase in gross profit and gross profit margin was largely due to large portion of revenue and gross margin derived from and recognised at the early stage of certain waterworks engineering projects in the current year.

Other income

The Group's other income for the year ended 31 March 2016 decreased by approximately 78.1% to approximately HK$0.9 million (2015: approximately HK$4.1 million) as compared with that for the previous year. The decrease in other income was mainly due to the recognition of one-off item, i.e. the waiver of promissory note interests from a noteholder in the previous year.

Other gains and losses

The Group's other gains and losses for the year ended 31 March 2016 decreased by approximately 80.7% to approximately HK$2.0 million (2015: approximately HK$10.1 million) as compared with that for 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 in the previous year.

Amortisation expenses

The Group's amortisation expenses for the year ended 31 March 2016 decreased by approximately 2.0% to approximately HK$23.6 million (2015: approximately HK$24.1 million) as compared with that for the previous year. The amortisation expenses mainly consisted of amortisation charges of television broadcasting right and film rights for the television broadcasting business.

Selling and distribution expenses

The Group's selling and distribution expenses for the year ended 31 March 2016 decreased by approximately 57.1% to approximately HK$97,000 (2015: approximately HK$0.2 million) as compared with that for the previous year. The selling and distribution expenses mainly consisted of advertising expenses for the television broadcasting business.

Administrative expenses

The Group's administrative expenses for the year ended 31 March 2016 increased by approximately 5.6% to approximately HK$35.0 million (2015: approximately HK$33.1 million) as compared with that for the previous year. The administrative expenses mainly consisted of auditors' remuneration, legal and professional fees, staff costs (including Directors' remuneration), depreciation expenses and rental expenses. The increase in the administrative expenses was mainly attributable to the increase in staff costs and rental expenses due to the expansion of business.

Finance costs

The Group's finance costs for the year ended 31 March 2016 increased by approximately 33.3% to approximately HK$34.3 million (2015: approximately HK$25.7 million) as compared with that for the previous year. The finance costs mainly consist of interest expenses for the promissory note and convertible notes. The increase in finance costs was mainly due to recognition of adjustment of overprovision of interest expenses of convertible notes in prior years which were resulted from the exercise of conversion rights of convertible notes by certain noteholders during the year ended 31 March 2015.

Impairment loss recognised in respect of intangible assets

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

The recoverable amounts of Xinhua TV Asia-Pacific as at 31 March 2016 and 2015, were determined with reference to a valuation conducted by an independent valuer, based on income-based approach, after considering the financial information of Xinhua TV Asia-Pacific as at 31 March 2016 and 2015, including but not limited to (i) the financial position of Xinhua TV Asia-Pacific and its subsidiaries as at 31 March 2016 and 2015; (ii) the total revenue derived from television broadcasting business; (iii) number of existing contracts and memorandum of understanding; and (iv) the market and industry condition. During the year ended 31 March 2016, although the television broadcasting business continues to make steady growth and progress when compared with previous years, it is still under development and far behind the development schedule as expected. It has not yet brought in satisfactory return to the Group since the Acquisition. Due to the unsatisfactory results in these years and relatively slow development pace of television broadcasting business, the Directors considered that major inputs regarding revenue were adjusted downwards to reflect the current situation for prudence sake. As such, the recoverable amount of Xinhua TV Asia-Pacific as at 31 March 2016 is amounted to approximately HK$99.3 million and the impairment loss, which arose from the difference between the aggregate carrying amount of intangible assets and the recoverable amount of entire equity interest in Xinhua TV Asia-Pacific as at 31 March 2016, of approximately HK$19.8 million is recognised in respect of intangible assets for the year ended 31 March 2016. Except aforesaid, to the best of knowledge and belief of the Directors, there has not been any change of valuation methodology, basis of valuation and assumptions as at 31 March 2016 and no other changes in circumstance and reasons giving rise to changes in valuation approach. All changes of inputs are made to reflect the recent development of television broadcasting business as compared to that expected in previous years.

The recoverable amount of Xinhua TV Asia-Pacific approximated to the carrying amount of intangible assets, i.e., television broadcasting right as at 31 March 2015. Therefore, no impairment loss was recognised during the year ended 31 March 2015. To the best of knowledge and belief of the Directors, there had not been any change of valuation methodology, basis of valuation and assumptions as at 31 March 2015 and no other changes in circumstance and reasons giving rise to changes in valuation approach. All changes of inputs were made to reflect the recent development of television broadcasting business as compared to that expected in previous years.

Net loss

The net loss attributable to owners of the Company for the year ended 31 March 2016 increased by 11.3% to approximately HK$46.4 million (2015: approximately HK$41.7 million) as compared with that for the previous year. The increase in net loss was mainly resulted from net effect of increase in gross profit against recognition of impairment loss in respect of intangible assets, decrease in other income and other gains and losses for the year ended 31 March 2016.

Loss per Share

The basic loss per Share for the year ended 31 March 2016 was approximately HK1.18 cents (2015: approximately HK1.34 cents).

Prospects

The near-term outlook for Hong Kong economy will be full of challenges and filled with uncertainties. To deal with the unstable market situation, the Group has reallocated resources to diversify the existing businesses and explore potential business opportunities. By doing so, the Group will endeavour to seek long-term business and profit growth by adopting measures to adjust its business strategies to align with corporate missions and objectives and implementing prudent capital management and liquidity risk management so as to improve business performance and returns for the Shareholders of the Company.

Provision of waterworks engineering services

This business segment was operated in tough environment resulting from the substantial increase in construction costs including materials, staff and labor costs which had adversely impacted the overall cost structure which in turn affected the Group's overall performance and the operating margins. Also, as the delays in awarding of tenders for numerous major government infrastructure construction projects due to various external factors and slow economic growth, the Group faces challenges in this business segment. If the problem is not resolved, it will result in fewer new public works projects obtained from the Government. With the gradual completion of certain major ongoing projects, the Group is looking forward to the rolling out of new infrastructure projects. With reduced construction projects in the market, the Group had prudently adjusted its overall business strategy, including tendering certain construction contracts from private sectors, in order to minimize our exposure to any further unexpected changes in this industry. The Group will implement a detailed management system to oversee this business segment through selected projects and clients and to discontinue certain operations with low efficiency and cost effectiveness and high risks to ensure that the construction business remains healthy for future development. On 15 July 2015 and 20 November 2015, the Group has successfully obtained a 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) and a new subcontract construction of site formation and infrastructural works near Tong Hang Road and Tsz Tin Road in Area 54, Tuen Mun (contract numbered CV/2015/03), with contract sum of approximately HK$156.0 million and approximately HK$428.4 million respectively.

Despite the vigorous competition in Hong Kong construction industry, the Group is still optimistic to maintain steady growth in net profit and scale of operations due to its long established reputation and proven ability. The Group has demonstrated itself capability to strengthen medium-term profitability by enhancing scale and market share. With a view of good reputation and proven track record, the Group is confident that the profitability can be sustained in the long run.

Television broadcasting business

Driven by new media and technologies, the Group is facing constant challenges of descending scale of traditional advertising market, especially television advertising industry. In face of the difficult operating environment, the Group will continue to step up its collaboration efforts with strategic partners to complement each other's advantages and achieve win-win situations. Besides of increasing the coverage of the CNC Channels by strengthening and rejuvenating its marketing and sales team internally, the Group would hire experienced and competent staff to take part in the growing businesses of the Group. The Group would continue to invest in the Group's core brandname, enhance the Group's marketing activities and expanding network and execute on market opportunities for any new strategic co-operation in order to further diversify the Group's existing business and minimize the exposure to any unexpected changes in this business segment.

Leveraging on its resources and capabilities, the Group has been exploring new business opportunities to create new sources of revenue or to generate additional revenue from the growing internet market. The Group's video contents are now uploaded on different media digital platforms, such as NetEase, Sohu and Tencent for subscription. Looking forward, the Group will continue to adopt the diversification strategy and actively explore opportunities in mobile and internet-related businesses in order to cope with the fast-growing mobile internet market.

Large outdoor display screen advertisement business

Under the circumstances of overcapacity and fierce competition in the industry, coupled with the increasingly stringent requirements imposed on the industry, the operation of this business segment confronted greater challenges. Currently, the Group will seek co-operation from different parties, including but not limited to commercial real estate developers, PRC government authorities and other potential partners in order to speed up the development of this business segment. The Group will maintain a firm direction of development and grasp and execute business opportunities in the market. In particular, the Group believes that the existing businesses of the Group will complement with each other and there will be synergies between them.

The Group will further enhance the existing business operations, actively responding to severe market conditions and exploring potential ways for sustained development of the Group in order to create favourable value returns for its Shareholders. We are optimistic on our long term prospects and are fully committed to continue our current strategies and operational excellence to weather the challenges. Looking forwards, the Group actively pushed forward mergers and acquisitions which enabled the Group to introduce talents, explore the markets, reinforce its influence, enlarge its business scale and generate synergy effects to its existing businesses.

Capital Structure

The Shares were listed on GEM 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 an aggregate 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 represents (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 18.75% 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 as a whole.

The completion of the placing took place on 4 August 2015 and 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 was used 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 and in the best interests of the Company and the Shareholders as a whole.

Total equity attributable to owners of the Company amounted to approximately HK$4.6 million in surplus as at 31 March 2016 (31 March 2015: approximately HK$29.0 million in deficit). The increase in equity was mainly resulted from fund raising activities from the placing exercise and conversion of convertible notes from noteholders.

Liquidity and Financial Resources

During the year ended 31 March 2016, the Group generally financed its operations through internally generated cash flows and net proceeds from placing exercise.

As at 31 March 2016, the Group had net current assets of approximately HK$148.0 million (31 March 2015: approximately HK$73.2 million), including cash balance of approximately HK$127.4 million (31 March 2015: approximately HK$62.2 million). The current ratio, being the ratio of current assets to current liabilities, was approximately 2.13 as at 31 March 2016 (31 March 2015: approximately 1.66). The increase in net current assets and current ratio were primarily due to fund raising activities from placing exercise during the year.

Gearing Ratio

The gearing ratio, which is based on the amount of total bank overdraft, promissory note, convertible notes, finance lease payables and advance received from customers divided by total assets, was approximately 62.5% as at 31 March 2016 (31 March 2015: approximately 70.1%). The decrease in gearing ratio was resulted from increase in total assets due to fund raising activities from the placing exercise during the year.

Foreign Exchange Exposure

The group entities collect most of the revenue and incur most of the expenditures in their respective functional currencies. The Directors consider that the Group's exposure to foreign currency exchange risk is insignificant as the majority of the Group's transactions are denominated in the functional currency of each individual group entity. During the year ended 31 March 2016, 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 31 March 2016, the Group had an outstanding commitment of approximately HK$0.7 million in respect of acquisition of property, plant and equipment. Save as abovesaid, the Group did not have any other significant capital commitments as at 31 March 2016 (31 March 2015: nil).

Charges on the Group's Assets

The Group's motor vehicles with net book values of approximately HK$14.4 million was held under finance lease as at 31 March 2016. As at 31 March 2015, the Group's machineries and motor vehicles with net book values of approximately HK$0.8 million and approximately HK$12.3 million were held under finance lease. As at 31 March 2016, the Group pledged its motor vehicles with net book values of approximately HK$89,000 (31 March 2015: machinery and motor vehicles with net book values of approximately HK$12,000 and approximately HK$0.7 million respectively) as securities for its performance of obligations as a subcontractor 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 2016, the Group did not have any material contingent liabilities (31 March 2015: Nil).

Information on Employees

As at 31 March 2016 the Group had 307 full-time staff in Hong Kong and the PRC and over 90% of them are direct labour. Total staff costs (including Directors' remuneration) for the year ended 31 March 2016 amounted to approximately HK$86.6 million (2015: approximately HK$80.2 million), representing an increase of approximately 8.0% 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

Except for investment in subsidiaries, during the year ended 31 March 2016 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

(a) On 2 February 2016, the Group entered into a sale and purchase agreement with independent third parties pursuant to which a wholly owned subsidiary of the Company will acquire 100% equity interest in Shenzhen City Century Culture Creative Limited*（深圳市世紀文化創意有限公司）("Shenzhen Culture Company") at a total consideration of HK$600,000,000. The consideration will be partly settled by cash and partly by the issue and allotment of consideration shares. The primary business of Shenzhen Culture Company and its subsidiary is the operation and management of Shenzhen City Culture Creative Park*（深圳市文化創意園）in return for rental income including management fee. The proposed acquisition has not yet been completed as at the date of this announcement. Further details of the proposed acquisition are set out in the announcement of the company dated 3 June 2016.

(b) On 25 March 2016, the Company entered into a memorandum of understanding with independent third parties pursuant to which the Company proposed to inject cash into Tianjin Anlian Chengtong Information Technology Company Limited*（天津安聯程通信息技術有限公司）("Tianjin Technology Company") as registered capital. Upon completion of the proposed capital injection, the Company will become the single largest shareholder of the Tianjin Technology Company. The Tianjin Technology Company is mainly engaged in the operation and management of the supply chain management system, namely ALCT Supply Chain Platform（陸路運輸管理與交易平台）, which is capable of connecting the tax system of the PRC tax authority for issue of VAT invoice. As at the date of this announcement, the Group has not yet entered into any formal capital injection agreement. Further details of the proposed capital injection are set out in the announcement of the company dated 29 March 2016.

Save as disclosed above, as at 31 March 2016, 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 2016, 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 2016.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 26 July 2016 to Friday, 29 July 2016, both days inclusive. During this period, no transfer of Shares will be registered. In order to attend and vote at the annual general meeting, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Tricor Investor Services Limited, at level 22, Hopewell Centre, 183 Queens's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 25 July 2016.

PURCHASE, SALE OR REDEMPTION OF THE SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Shares during the year ended 31 March 2016.

CORPORATE GOVERNANCE PRACTICES

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

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

In the opinion of the Board, the Company has complied with the Code throughout the year ended 31 March 2016, except for paragraphs A.2.7 of the Code. This announcement further illustrates in detail as to how the Code was applied, inclusive of the considered reasons for any deviation throughout the year ended 31 March 2016.

Paragraph A.2.7 of the Code provides that the chairman should at least annually hold meetings with the non-executive Director and independent non-executive Directors without the executive Directors present. Although the chairman did not hold a meeting with the non-executive Director and independent non-executive Directors during the year ended 31 March 2016, he delegated the company secretary to gather any concerns and/or questions that the non-executive Director and independent non-executive Directors might have and report to him for setting up follow-up meetings, whenever necessary, in due course.

EVENTS AFTER THE REPORTING PERIOD

(a) On 2 February 2016, the Group entered into a sale and purchase agreement with independent third parties pursuant to which a wholly owned subsidiary of the Company will acquire 100% equity interest in Shenzhen Culture Company at a total consideration of HK$600,000,000. The consideration will be partly settled by cash and partly by the issue and allotment of consideration shares. The primary business of Shenzhen Culture Company and its subsidiary is the operation and management of Shenzhen City Culture Creative Park*（深圳市文化創意園）in return for rental income including management fee. The proposed acquisition has not yet been completed as at the date of this announcement. Further details of the proposed acquisition are set out in the announcement of the company dated 3 June 2016.

(b) On 2 June 2016, the Company entered into a strategic cooperation agreement (the "Strategic Cooperation Agreement") with Tian Mai Ju Yuan (Beijing) Technology Company Limited*（天脈聚源（北京）科技有限公司）(the "Cooperation Partner"), pursuant to which the Company and the Cooperation Partner established a cooperation partnership so as to jointly develop the television e-commerce business and the exclusive and originated emerging mode of development of television business to expand the revenue of the Group. Further details are set out in the announcement of the company dated 2 June 2016.

Save as disclosed above, no significant event has taken place subsequent to 31 March 2016 and up to the date of this announcement.

AUDIT COMMITTEE

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

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

The composition of the Audit Committee is as follows:

Independent non-executive Directors
Mr. Wong Chung Yip, Kenneth *(Chairman)*
The Hon. Ip Kwok Him, *GBS, JP (appointed on 18 May 2015)*
Mr. Wan Chi Keung, Aaron, *BBS, JP*
Mr. Jin Hai Tao
Mr. Hau Chi Kit *(resigned on 18 May 2015)*

Non-executive Director
Dr. Li Yong Sheng

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.

* *For identification purpose only*

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
Li Yuet Tai
Company Secretary

Hong Kong, 15 June 2016

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.