CNC HOLDINGS LIMITED
中 國 新 華 電 視 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8356)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

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This announcement, for which the directors (the "Directors") of CNC Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this announcement misleading.

HIGHLIGHTS

- The Group's revenue for the six months ended 30 September 2019 decreased by approximately 22.0% to approximately HK$110.7 million (2018: approximately HK$142.0 million).

- Loss attributable to the owners of the Company for the six months ended 30 September 2019 increased by approximately 20.3% to approximately HK$47.5 million (2018: approximately HK$39.5 million).

- Basic loss per Share for the six months ended 30 September 2019 was approximately HK1.17 cents (2018: approximately HK0.97 cent).

- The Board does not recommend the payment of any dividend for the six months ended 30 September 2019.

The board of Directors (the "Board") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 September 2019, together with the unaudited comparative figures for the corresponding periods in 2018, as follows:

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

For the three months and six months ended 30 September 2019

		Six months ended 30 September		**Three months ended 30 September**	
		2019	2018	**2019**	2018
	Notes	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue	*4*	**110,706**	141,962	**51,052**	73,210
Cost of services		**(121,483)**	(143,186)	**(58,534)**	(76,395)
Gross loss		**(10,777)**	(1,224)	**(7,482)**	(3,185)
Other income	*5*	**184**	206	**88**	103
Other gains and losses	*6*	**1,018**	1,276	**394**	604
Amortisation expenses		**(9,183)**	(9,461)	**(4,616)**	(4,704)
Selling and distribution expenses		**(578)**	–	**(289)**	–
Administrative expenses		**(14,224)**	(10,793)	**(7,525)**	(5,443)
Changes in fair value of financial assets at fair value through profit or loss		**(2,162)**	(8,088)	**(1,583)**	(4,740)
Loss from operations	*8*	**(35,722)**	(28,084)	**(21,013)**	(17,365)
Finance costs	*10*	**(13,884)**	(12,848)	**(7,059)**	(6,465)
Loss before income tax		**(49,606)**	(40,932)	**(28,072)**	(23,830)
Income tax	*11*	**2,094**	1,437	**1,057**	1,107
Loss for the period		**(47,512)**	(39,495)	**(27,015)**	(22,723)

	Notes	Six months ended 30 September **2019** *HK$'000*	2018 *HK$'000*	Three months ended 30 September **2019** *HK$'000*	2018 *HK$'000*
Other comprehensive loss:					
Items that may be classified subsequently to profit or loss:					
Exchange differences on translating foreign operations		**(632)**	(1,123)	**(473)**	(395)
Items that will not be reclassified to profit or loss:					
Change in fair value of financial assets measured at fair value through other comprehensive income		**–**	(700)	**–**	(700)
Other comprehensive loss for the period, net of tax		**(632)**	(1,823)	**(473)**	(1,095)
Total comprehensive loss for the period		**(48,144)**	(41,318)	**(27,488)**	(23,818)
Loss for the period attributable to the owners of the Company		**(47,512)**	(39,495)	**(27,015)**	(22,723)
Total comprehensive loss for the period attributable to the owners of the Company		**(48,144)**	(41,318)	**(27,488)**	(23,818)
Loss per Share attributable to the owners of the Company	*13*				
– Basic and diluted *(HK cent(s))*		**(1.17)**	(0.97)	**(0.67)**	(0.56)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2019

	Notes	As at 30 September 2019 (Unaudited) HK$'000	As at 31 March 2019 (Audited) HK$'000
Non-current assets			
Property, plant and equipment	*14*	**33,791**	38,302
Right-of-use assets		**13,902**	–
Intangible assets	*15*	**35,179**	44,362
Deferred tax assets		**274**	320
Financial assets at fair value through other comprehensive income		**–**	1,245
		83,146	84,229
Current assets			
Trade and other receivables	*16*	**86,334**	105,738
Contract assets		**13,059**	15,517
Tax recoverable		**521**	521
Financial assets at fair value through profit or loss		**4,018**	6,181
Cash and cash equivalents		**67,251**	79,915
		171,183	207,872
Total assets		**254,329**	292,101
Current liabilities			
Trade and other payables	*17*	**94,732**	88,973
Contract liabilities		**51,465**	65,156
Finance lease payables		**–**	42
Lease liabilities		**9,228**	–
Employee benefits		**3,550**	3,550
Promissory note	*18*	**43,891**	–
Current tax liabilities		**17,490**	16,904
		220,356	174,625

	Notes	As at 30 September 2019 (Unaudited) HK$'000	As at 31 March 2019 (Audited) HK$'000
Net current (liabilities)/assets		**(49,173)**	33,247
Total assets less current liabilities		**33,973**	117,476
Non-current liabilities			
Lease liabilities		**6,631**	–
Promissory note	*18*	**–**	43,123
Convertible notes	*19*	**234,003**	225,475
Interest payables	*17*	**–**	2,214
Deferred tax liabilities		**11,004**	13,655
		251,638	284,467
Total liabilities		**471,994**	459,092
Net liabilities		**(217,665)**	(166,991)
Capital and reserves			
Share capital	*20*	**4,055**	4,055
Reserves		**(221,720)**	(171,046)
Total Equity		**(217,665)**	(166,991)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 September 2019

	Share capital *HK$'000*	Share premium* *HK$'000*	Convertible notes equity reserves* *HK$'000*	Foreign currency translation reserves* *HK$'000*	Investment revaluation reserves* *HK$'000*	Capital reserves* *HK$'000*	Other reserves* *HK$'000*	Accumulated losses* *HK$'000*	Total equity *HK$'000*
As at 1 April 2019	**4,055**	**1,238,195**	**14,400**	**(1,647)**	**(1,057)**	**2,758**	**41,214**	**(1,464,909)**	**(166,991)**
Adoption of HKFRS 16	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(2,530)**	**(2,530)**
Adjusted balance at 1 April 2019	**4,055**	**1,238,195**	**14,400**	**(1,647)**	**(1,057)**	**2,758**	**41,214**	**(1,467,439)**	**(169,521)**
Loss for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(47,512)**	**(47,512)**
Other comprehensive loss for the period:									
Items that may be classified subsequently to profit or loss:									
Exchange differences on translating foreign operations	**–**	**–**	**–**	**(632)**	**–**	**–**	**–**	**–**	**(632)**
Total comprehensive loss for the period	**–**	**–**	**–**	**(632)**	**–**	**–**	**–**	**(47,512)**	**(48,144)**
Transfer to accumulated losses upon derecognition of financial assets at fair value through other comprehensive income	**–**	**–**	**–**	**–**	**1,057**	**–**	**–**	**(1,057)**	**–**
As at 30 September 2019 (unaudited)	**4,055**	**1,238,195**	**14,400**	**(2,279)**	**–**	**2,758**	**41,214**	**(1,516,008)**	**(217,665)**
As at 1 April 2018	4,055	1,238,195	1,304	(116)	–	2,758	21,862	(1,399,354)	(131,296)
Loss for the period	–	–	–	–	–	–	–	(39,495)	(39,495)
Other comprehensive loss for the period:									
Items that may be classified subsequently to profit or loss:									
Exchange differences on translating foreign operations	–	–	–	(1,123)	–	–	–	–	(1,123)
Items that will not be reclassified to profit or loss:									
Change in fair value of financial assets measured at fair value through other comprehensive income	–	–	–	–	(700)	–	–	–	(700)
Total comprehensive loss for the period	–	–	–	(1,123)	(700)	–	–	(39,495)	(41,318)
As at 30 September 2018 (unaudited)	4,055	1,238,195	1,304	(1,239)	(700)	2,758	21,862	(1,438,849)	(172,614)

* *The aggregate amount of these balances of approximately HK$221,720,000 in deficit (31 March 2019: approximately HK$171,046,000) is included as reserves in the condensed consolidated statement of financial position.*

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six months ended 30 September 2019

	Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
Net cash (used in)/generated from operating activities	**(3,068)**	5,321
Investing activities		
Disposal of financial assets at fair value through other comprehensive income	**1,245**	–
Purchase of property, plant and equipment	**(5,956)**	(15,673)
Additions to rights-of-use assets	**(259)**	–
Other cash flows generated from investing activities	**231**	132
Net cash used in investing activities	**(4,739)**	(15,541)
Net cash used in financing activities	**(4,693)**	(1,582)
Net decrease in cash and cash equivalents	**(12,500)**	(11,802)
Cash and cash equivalents at the beginning of the period	**79,915**	70,296
Effects of foreign exchange rate changes	**(164)**	64
Cash and cash equivalents at the end of the period	**67,251**	58,558
Analysis of cash and cash equivalents		
Cash and bank balances	**67,251**	58,558

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

1. GENERAL INFORMATION

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

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

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

2. BASIS OF PRESENTATION AND PRINCIPAL ACCOUNTING POLICIES

(a) Statement of compliance

The unaudited condensed consolidated interim financial statements for the six months ended 30 September 2019 (the "Interim Financial Statements") have been prepared in accordance with the Hong Kong Accounting Standards ("HKAS") 34 "Interim Financial Reporting", other relevant Hong Kong Accounting Standards, Interpretations and the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of the GEM Listing Rules.

(b) Basis of preparation

The accounting policies and method of the computation used in the preparation of the Interim Financial Statements are consistent with those used in the annual report for the year ended 31 March 2019, except for those related to new standards and interpretations effective for the first time periods beginning on 1 April 2019 and expected to be reflected in the forthcoming annual financial statements as disclosed below.

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

(c) Going Concern

In preparing the Interim Financial Statements, the Directors have given careful consideration to the future liquidity of the Group notwithstanding that:

- The Group has incurred an unaudited net loss of approximately HK$47,512,000 during the six months ended 30 September 2019 and, as of that date, the Group had unaudited net current liabilities and unaudited net liabilities of approximately HK$49,173,000 and HK$217,665,000 respectively; and

- The Group had promissory note in principal amount of approximately HK$45,040,000 which is due within the next twelve months after 30 September 2019.

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

(1) Financial support

China Xinhua News Network Co., Limited ("China Xinhua NNC"), one of the major shareholders of the Company and a convertible notes holder, has confirmed to provide financial support to the Group in a reasonable manner under relevant laws and regulatory requirements, to maintain the going concern of the Company. The financial support only refers to allow the Company to extend the repayment for the liabilities due to China Xinhua NNC to not earlier than 12 months commencing from 30 September 2019, including (1) the convertible notes in the principal amount of approximately HK$257,030,000; (2) the interests payable on the convertible notes amounted to approximately HK$47,248,000 as of 30 September 2019; and (3) the liabilities due to China Xinhua NNC of approximately HK$18,837,000 as of 30 September 2019 in respect of annual fee for television broadcasting right, carriage fee payment and satellite transmission fee, if the repayment would cause the Company to be unable to settle its liabilities due to other parties when they fall due.

(2) Alternate source of funding

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

(3) The Group will implement operation plans to control costs and generate adequate cash flows from the Group's operations.

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

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

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatorily effective for the annual period beginning on or after 1 April 2019 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 16	Leases
Hong Kong (International Financial Reporting Interpretations Committee) Interpretation ("HK(IFRIC)–Int") 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle

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

Impacts and changes in accounting policies of application on HKFRS 16 "Leases"

The Group has applied HKFRS 16 for the first time in the current period. HKFRS 16 superseded HKAS 17 "Leases" and the related interpretations.

3.1.1 Key changes in accounting policies resulting from application of HKFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a lessee

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Right-of-use assets

Except for short-term leases and leases of low value assets, the Group recognizes right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Refundable rental deposits paid are accounted under HKFRS 9 "Financial Instruments" ("HKFRS 9") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

The Group presents right-of-use assets as a separate line item on the condensed consolidated statement of financial position.

Lease liabilities

At the commencement date of a lease, the Group recognizes and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising option to terminate.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change due to changes in expected payment under a guaranteed residual value in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

3.1.2 *Transition and summary of effects arising from initial application of HKFRS 16*

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 "Determining whether an Arrangement contains a Lease" and not apply this standards to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 April 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognized at the date of initial application, 1 April 2019. Any difference at the date of initial application is recognized in the opening accumulated losses and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. relied on the assessment of whether leases are onerous by applying HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets" as an alternative of impairment review;

ii. elected not to recognize right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

iii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

iv. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment;

v. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

On transition, the Group has made the following adjustments upon application of HKFRS 16:

The Group recognized lease liabilities of approximately HK$18,667,000 and right-of-use assets of approximately HK$15,945,000 at 1 April 2019.

When recognizing the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average lessee's incremental borrowing rate applied is 2.07% to 5.16%.

	Note	**Lease liabilities** ***HK$'000***
Operating lease commitment disclosed as at 31 March 2019		21,248
Lease liabilities discounted at relevant incremental borrowing rates		20,940
Add: Extension options reasonably certain to be exercised		432
Less: Recognition exemption – leases with terms ending within 12 months of the date of initial application		(888)
Less: Recognition exemption – contracts reassessed as service agreements		(1,859)
Lease liabilities relating to operating leases recognised upon application of HKFRS 16		18,625
Add: Finance lease payables recognised at 31 March 2019	*(a)*	42
Lease liabilities as at 1 April 2019		18,667
Analysed as:		
Current		9,284
Non-Current		9,383
		18,667

The carrying amount of right-of-use assets as at 1 April 2019 comprises the following:

	Note	**Right-of-use assets** *HK$'000*
Right-of-use assets relating operating leases recognised upon application of HKFRS 16		15,741
Assets previously under finance leases included in property, plant and equipment under HKAS 17	*(a)*	141
Adjustments on rental deposits at 1 April 2019		63
		15,945

By class:

	At 30 September 2019 ***HK$'000***	At 1 April 2019 *HK$'000*
Rented premises	**6,950**	9,373
Office equipments	**836**	1,010
Assets related to television broadcasting business	**4,092**	5,421
Motor vehicles	**2,024**	141
Total right-of-use assets	**13,902**	15,945

Notes:

(a) In relation to assets previously under finance leases with carrying amount of approximately HK$141,000, the Group reclassified the finance lease payables of approximately HK$42,000 to lease liabilities as current liabilities at 1 April 2019.

(b) Before the application of HKFRS 16, the Group considered refundable rental deposits paid as rights and obligations under leases to which HKAS 17 applied. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use of the underlying assets and should be adjusted to reflect the discounting effect at transition. Accordingly, approximately HK$66,000 and HK$63,000 were adjusted to refundable rental deposits paid and right-of-use assets respectively.

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 April 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously at 31 March 2019	Adjustments	Carrying amounts under HKFRS 16 at 1 April 2019
	HK$'000	*HK$'000*	*HK$'000*
Non-current assets			
Property, plant and equipment	38,302	(141)	38,161
Right-of-use assets	–	15,945	15,945
Current assets			
Trade and other receivables	105,738	(66)	105,672
Current liabilities			
Trade and other payables	88,973	(357)	88,616
Lease liabilities	–	9,284	9,284
Finance lease payables	42	(42)	–
Non-current liabilities			
Lease liabilities	–	9,383	9,383
Capital and reserves			
Reserves	(171,046)	(2,530)	(173,576)

Note: For the purpose of reporting cash flows from operating activities under indirect method for the six months ended 30 September 2019, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 April 2019 as disclosed above.

4. REVENUE

Revenue recognised during the three months and six months ended 30 September 2019 and 30 September 2018 were as follows:

	Six months ended 30 September		**Three months ended 30 September**	
	2019	2018	**2019**	2018
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Construction works	**106,839**	141,962	**50,119**	73,210
Advertising income	**3,867**	–	**933**	–
	110,706	141,962	**51,052**	73,210

	Six months ended 30 September		Three months ended 30 September	
	2019	2018	**2019**	2018
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Timing of revenue recognition:				
Over time	**110,706**	141,962	**51,052**	73,210

5. OTHER INCOME

Other income recognised during the three months and six months ended 30 September 2019 and 30 September 2018 were as follows:

	Six months ended 30 September		Three months ended 30 September	
	2019	2018	**2019**	2018
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Interest income on bank deposits	**87**	14	**48**	7
Interest income on rental deposits	**18**	–	**18**	–
Dividend income	**37**	183	**2**	95
Sundry income	**42**	9	**20**	1
	184	206	**88**	103

6. OTHER GAINS AND LOSSES

Other gains and losses recognised during the three months and six months ended 30 September 2019 and 30 September 2018 were as follows:

	Six months ended 30 September		**Three months ended 30 September**	
	2019	2018	**2019**	2018
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Exchange gain, net	**402**	1,188	**171**	516
Net gains on disposal of property, plant and equipment	**336**	88	**174**	88
Reversal of allowance for expected credit losses recognised for trade receivables	**261**	–	**51**	–
Reversal/(provision) of allowance for expected credit losses recognised for contract assets	**19**	–	**(2)**	–
	1,018	1,276	**394**	604

7. SEGMENT INFORMATION

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

Under the segment structure implemented during the six months ended 30 September 2019, 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 civil engineering services – provision of waterworks engineering services, road works and drainage services and site formation works for public sector in Hong Kong; and

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

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

Segment revenue and results

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

For the six months ended 30 September 2019

	Provision of civil engineering services (Unaudited) *HK$'000*	Television broadcasting and advertising business (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000*
Revenue from external customers	**106,839**	**3,867**	**110,706**
Other income and gains	**659**	**–**	**659**
Reportable segment revenue	**107,498**	**3,867**	**111,365**
Reportable segment results	**(17,753)**	**(11,802)**	**(29,555)**
Unallocated corporate income			**141**
Unallocated corporate expenses			**(6,308)**
Finance costs			**(13,884)**
Loss before income tax			**(49,606)**

For the six months ended 30 September 2018

	Provision of civil engineering services (Unaudited) *HK$'000*	Television broadcasting and advertising business (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000*
Revenue from external customers	141,962	–	141,962
Other income and gains	97	–	97
Reportable segment revenue	142,059	–	142,059
Reportable segment results	37	(14,040)	(14,003)
Unallocated corporate income			1,397
Unallocated corporate expenses			(15,478)
Finance costs			(12,848)
Loss before income tax			(40,932)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales for the six months ended 30 September 2019 and 30 September 2018.

Segment profit/(loss) represents the profit earned/loss incurred by each segment without allocation of central administration costs, interest income, dividend income, finance costs, change in fair value of financial assets at fair value through profit or loss and income tax expenses. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

Segment assets and liabilities

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

As at 30 September 2019 (Unaudited)

	Provision of civil engineering services (Unaudited) *HK$'000*	**Television broadcasting and advertising business (Unaudited)** *HK$'000*	**Total (Unaudited)** *HK$'000*
Segment assets	**128,307**	**47,180**	**175,487**
Unallocated			**78,842**
Consolidated assets			**254,329**
Segment liabilities	**68,042**	**30,018**	**98,060**
Unallocated			**373,934**
Consolidated liabilities			**471,994**

As at 31 March 2019 (Audited)

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

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 other comprehensive income, deferred tax assets, financial assets at fair value through profit or loss, cash and cash equivalents, current tax recoverable and assets for corporate use; and

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

Information about major customers

During the six months ended 30 September 2019, included in revenue arising from provision of civil engineering services of approximately HK$106,839,000 (2018: approximately HK$141,962,000) are revenue generated from three (2018: three) customers amounting to approximately HK$106,332,000 (2018: approximately HK$131,620,000). Each customer has individually accounted for over 10% of the Group's total revenue. No other single customer contributed 10% or more to the Group's revenue for the six months ended 30 September 2019 and 30 September 2018.

Revenue from major customers is as follows:

	Six months ended 30 September	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Customer A	**55,305**	55,260
Customer B *(note)*	**–**	29,495
Customer C	**40,077**	46,865
Customer D	**10,950**	–
	106,332	131,620

Note: No information was disclosed as the corresponding revenue did not contribution over 10% of the Group's revenue for the six months ended 30 September 2019.

8. LOSS FROM OPERATIONS

Loss from operations is arrived at after charging the following:

	Six months ended 30 September		Three months ended 30 September	
	2019	2018	**2019**	2018
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Amortisation of intangible assets (included in amortisation expenses)	**9,183**	9,183	**4,616**	4,617
Amortisation of film rights (included in amortisation expenses)	**–**	278	**–**	87
Contract costs recognised as expense	**117,188**	137,663	**57,065**	73,942
Depreciation of property, plant and equipment	**10,262**	10,636	**5,007**	5,645
Depreciation of right-of-use assets	**4,091**	–	**4,091**	–
Staff costs *(note 9)*	**42,005**	42,534	**22,475**	20,534

9. STAFF COSTS

	Six months ended 30 September		Three months ended 30 September	
	2019	2018	**2019**	2018
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Staff costs (including Directors' remuneration) comprise:				
Wages, salaries and other benefits	**41,469**	42,097	**22,207**	20,271
Contribution to defined contribution retirement plan	**536**	437	**268**	263
	42,005	42,534	**22,475**	20,534

10. FINANCE COSTS

	Six months ended 30 September		**Three months ended 30 September**	
	2019	2018	**2019**	2018
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Interests on:				
Finance leases payables	**–**	20	**–**	8
Lease liabilities	**45**	–	**45**	–
Promissory note *(note 18)*	**1,445**	2,042	**726**	1,034
Convertible notes *(note 19)*	**12,394**	10,786	**6,288**	5,423
	13,884	12,848	**7,059**	6,465

11. INCOME TAX

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

	Six months ended 30 September		**Three months ended 30 September**	
	2019	2018	**2019**	2018
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Current tax – Hong Kong profits tax				
– current period	**511**	–	**383**	(54)
– over-provision in prior years	**–**	(162)	**–**	(162)
Current tax – PRC Enterprise Income tax				
– under-provision in prior years	**–**	434	**–**	–
Deferred tax				
– current period	**(2,605)**	(1,709)	**(1,440)**	(891)
Income tax	**(2,094)**	(1,437)	**(1,057)**	(1,107)

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

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

No provision for PRC Enterprise Income tax has been made as the subsidiary incorporated in the PRC had no assessable profits arising in the PRC during each of three months and six months ended 30 September 2019 and 30 September 2018.

12. DIVIDENDS

The Board does not recommend the payment of any dividend for each of the three months and six months ended 30 September 2019 respectively (2018: nil).

13. LOSS PER SHARE ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

The calculations of basic loss per Share for the three months and six months ended 30 September 2019 is based on the unaudited consolidated loss of approximately HK$27,015,000 and approximately HK$47,512,000 attributable to the owners of the Company for each of the three months and six months ended 30 September 2019 respectively (three months and six months ended 30 September 2018: approximately HK$22,723,000 and approximately HK$39,495,000 respectively) and the weighted average number of 4,055,349,947 Shares and 4,055,349,947 Shares in issue for the three months and six months ended 30 September 2019 respectively (weighted average number of Shares in issue for the three months and six months ended 30 September 2018: 4,055,349,947 Shares and 4,055,349,947 Shares respectively) as if they had been in issue throughout the periods.

Diluted loss per share for the three months and six months ended 30 September 2019 and 30 September 2018 are the same as the basic loss per share. The computation of diluted loss per share for the three months and six months ended 30 September 2019 and 30 September 2018 does not assume the Company's outstanding convertible notes since the assumed conversion of convertible notes would result in a decrease in loss per share.

14. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2019, the Group acquired items of property, plant and equipment with aggregate cost of approximately HK$5,956,000 (six months ended 30 September 2018: approximately HK$15,673,000). During the six months ended 30 September 2019, items of property, plant and equipment with carrying value of approximately HK$49,000 were disposed of (six months ended 30 September 2018: approximately HK$125,000).

15. INTANGIBLE ASSETS

	As at 30 September 2019 (Unaudited) *HK$'000*	As at 31 March 2019 (Audited) *HK$'000*
Cost:		
At 1 April 2018, 31 March 2019, 1 April 2019 and 30 September 2019	**567,000**	567,000
Accumulated amortisation and impairment:		
At the beginning of period/year	**522,638**	504,322
Amortisation expenses for the period/year	**9,183**	18,316
At the end of period/year	**531,821**	522,638
Carrying amount at end of period/year	**35,179**	44,362

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

16. TRADE AND OTHER RECEIVABLES

	As at 30 September 2019 (Unaudited) *HK$'000*	As at 31 March 2019 (Audited) *HK$'000*
Trade receivables *(note (i) & (ii))*	**31,457**	61,930
Allowance for expected credit losses	**(3,685)**	(3,946)
	27,772	57,984
Other receivables and prepayments *(note (iii))*	**47,431**	43,675
Deposits	**11,131**	4,079
	86,334	105,738

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 based on invoice date as at the end of the reporting period:

	As at 30 September 2019 (Unaudited) *HK$'000*	As at 31 March 2019 (Audited) *HK$'000*
Current or less than 1 month	**16,259**	57,959
1 to 3 months	**3,640**	–
More than 3 months but less than 12 months	**7,873**	25
More than 12 months	**–**	–
	27,772	57,984

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

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

Ageing of receivables that are past due but not impaired

	As at 30 September 2019 (Unaudited) *HK$'000*	As at 31 March 2019 (Audited) *HK$'000*
Overdue by:		
31 – 60 days	**3,640**	–
61 – 90 days	**–**	–
More than 3 months but less than 12 months	**7,873**	–
More than 12 months	**–**	–
	11,513	–

Movements in the allowance for expected credit losses of trade receivables

	HK$'000
Balance at 31 March 2018 under HKAS 39	2,686
Adjustment upon application of HKFRS 9	1,182
Adjusted balance as at 1 April 2018	3,868
Allowance for expected credit losses	78
Balance at 31 March 2019	3,946
Reversal of allowance for expected credit losses	(261)
Balance at 30 September 2019	3,685

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

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

17. TRADE AND OTHER PAYABLES

	As at 30 September 2019 (Unaudited) ***HK$'000***	As at 31 March 2019 (Audited) *HK$'000*
Trade payables	**7,638**	12,327
Amount due to a shareholder *(note (i))*	**18,837**	17,337
Interest payables	**50,140**	45,596
Amount due to a related party *(note (ii))*	**2,009**	2,009
Other payables and accruals	**16,108**	13,918
	94,732	91,187
Less: payables within twelve months shown under current liabilities	**94,732**	(88,973)
Interest payables shown under non-current liabilities	**–**	2,214

Notes:

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

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

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

	As at 30 September 2019 (Unaudited) ***HK$'000***	As at 31 March 2019 (Audited) *HK$'000*
Current or less than 1 month	**7,021**	11,234
1 to 3 months	**208**	225
More than 3 months but less than 12 months	**409**	868
More than 12 months	**–**	–
	7,638	12,327

18. PROMISSORY NOTE

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

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

On 15 December 2017 (the "Second Renewal Date"), Profit Station has entered into the second extension agreement with the noteholder of the promissory note pursuant to which the maturity date of the promissory note was extended from 11 August 2017 to 31 December 2018 and the extended promissory note will bear interest of 3% per annum with effect from 11 August 2017 till 31 December 2018. Except the abovementioned, other terms and conditions of the promissory note remains unchanged.

Upon the second extension, the fair value of the liability component of the extended promissory note was reassessed and calculated using an equivalent market interest rate for an equivalent instrument at the Second Renewal Date. The fair value of the extended promissory note at the Second Renewal Date amounted to approximately HK$42,720,000. The fair value is calculated using discounted cash flow method at a rate of 9.393%.

On 15 February 2019 (the "Third Renewal Date"), Profit Station has entered into the third extension agreement with the noteholder of the promissory note pursuant to which the maturity date of the promissory note was extended from 31 December 2018 to 30 June 2020 and the extended promissory note will bear interest of 3% per annum with effect from 11 August 2017 till 30 June 2020. Except the abovementioned, other terms and conditions of the promissory note remains unchanged.

Upon the third extension, the fair value of the liability component of the extended promissory note was reassessed and calculated using an equivalent market interest rate for an equivalent instrument at the Third Renewal Date. The fair value of the extended promissory note at the Third Renewal Date amounted to approximately HK$43,101,000. The fair value is calculated using discounted cash flow method at a rate of 9.707%.

	As at 30 September 2019 (Unaudited)	As at 31 March 2019 (Audited)
	HK$'000	*HK$'000*
Balance at the beginning of the reporting period/year	**43,123**	43,026
Interest charged at effective interest rate of 9.393% *(Note 10)*	**–**	3,032
Gain arising on extinguishment of promissory note	**–**	(1,939)
Interest charged at effective interest rate of 9.707% *(Note 10)*	**1,445**	356
Interest payables	**(677)**	(1,352)
Balance at the end of the reporting period/year	**43,891**	43,123

19. CONVERTIBLE NOTES

On 9 December 2011, the Company issued convertible notes with the principal amount of approximately HK$607,030,000, carried interest at the rate of 5% per annum as part of the consideration for the acquisition of Xinhua TV Asia-Pacific Operating Co., Limited ("Xinhua TV Asia-Pacific"). Each note entitles the holder to convert to ordinary shares at a conversion price of approximately HK$0.196 per share. Conversion might occur at any time between 9 December 2011 and 8 December 2014. If the notes have not been converted, the Company would redeem on 9 December 2014 at the outstanding principal amount. Interest of 5% per annum would be paid annually until the notes are converted or redeemed.

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

On 13 December 2017, the Company entered into the second supplemental deed with China Xinhua NNC, the sole holder of the outstanding convertible notes, pursuant to which the Company and China Xinhua NNC agreed to amend the term and condition of the convertible notes, where the maturity date of the convertible notes will be extended for 1 year and the conversion period will accordingly be extended for 1 year to 9 December 2018. Except the abovementioned, other terms and conditions of the convertible notes remain unchanged.

On 9 December 2018, the Company entered into the third supplemental deed with China Xinhua NNC, the sole holder of the outstanding convertible notes, pursuant to which the Company and China Xinhua NNC agreed to amend the term and condition of the convertible notes, where the maturity date of the convertible notes will be extended for 2 years and the conversion period will accordingly be extended for 2 years to 9 December 2020. Except the abovementioned, other terms and conditions of the convertible notes remain unchanged.

The convertible notes contain two components, liability component and equity component. The equity component is presented in equity heading "convertible notes equity reserves" and "other reserves". The effective interest rate of the liability component is 8.84% from 9 December 2017 to 8 December 2018 and 10.795% from 9 December 2018 to 8 December 2020 respectively.

	As at 30 September 2019 (Unaudited) HK$'000	As at 31 March 2019 (Audited) HK$'000
Equity component		
At the beginning of the reporting period/year	**14,400**	1,304
Transfer to accumulated losses upon mature of convertible notes	**–**	(1,304)
Recognition of equity component on extension of convertible notes	**–**	17,245
Deferred tax liability arising on extension of convertible notes	**–**	(2,845)
Balance at the end of the reporting period/year	**14,400**	14,400

	As at 30 September 2019 (Unaudited) HK$'000	As at 31 March 2019 (Audited) HK$'000
Liability component		
At the beginning of the reporting period/year	**225,475**	247,511
Interest charged calculated at an effective interest rate of 8.84% *(Note 10)*	**–**	14,843
Interest payable before extension of convertible notes	**–**	(5,324)
Recognition of equity component on extension of convertible notes	**–**	(17,245)
Capital contribution arised from extension of convertible notes	**–**	(19,352)
Interest charged calculated at an effective interest rate of 10.795% *(Note 10)*	**12,394**	7,429
Interest payable after extension of convertible notes	**(3,866)**	(2,387)
Balance at the end of the reporting period/year	**234,003**	225,475

20. SHARE CAPITAL

Ordinary shares of HK$0.001 each

	Number of Shares	Nominal value
		HK$'000
Authorised:		
As at 1 April 2019 and 30 September 2019 (unaudited)	500,000,000,000	500,000
Issued and fully paid:		
As at 1 April 2019 and 30 September 2019 (Unaudited)	4,055,349,947	4,055

21. OPERATING LEASE COMMITMENTS

The Group as leasee

As at 30 September 2019, operating leases related to the use satellite capacity with lease term between 1 to 10 years. As at 31 March 2019, operating leases related to office property, certain office equipment, television broadcasting right, the use of satellite capacity and broadcasting services with lease term between 1 to 10 years. All operating lease contracts contain market review clauses in the event that the Group exercises its option to renew. The Group does not have an option to purchase the leased asset at the expiry of the lease period.

At the end of the reporting period, the lease commitments for short-term leases and contracts reassessed as service agreements (31 March 2019: total future minimum lease operating leases) are as follows:

	As at 30 September 2019 (Unaudited)	As at 31 March 2019 (Audited)
	HK$'000	*HK$'000*
Within one year	**1,001**	11,445
In the second to fifth years inclusive	**–**	9,252
	1,001	20,697

The Group is the lessee in respect of a number of office property, certain office equipment, television broadcasting right, the use of satellite capacity and broadcasting services held under leases which were previously classified as operating leases under HKAS 17. The Group has initially applied HKFRS 16 using the modified retrospective approach. Under this approach, the Group adjusted the opening balances at 1 April 2019 to recognise lease liabilities relating to these leases except short-term leases and contracts reassessed as service agreements (see note 3). From 1 April 2019 onwards, future lease payments are recognised as lease liabilities in the condensed consolidated statement of financial position in accordance with the policies set out in note 3.

22. MATERIAL RELATED PARTY TRANSACTIONS

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

Related party relationship	**Type of transaction**	**Transaction amount**			
		Six months ended 30 September		**Three months ended 30 September**	
		2019	2018	**2019**	2018
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
		HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
China Xinhua NNC	Annual fee for television broadcasting right *(note (i))*	**1,500**	1,500	**750**	750
	Accrued interests on convertible notes *(note (ii))*	**3,866**	3,866	**1,944**	1,944

Notes:

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

(ii) During the six months ended 30 September 2019, the convertible notes interest payable to China Xinhua NNC was amounted to approximately HK$3,866,000 (six months ended 30 September 2018: approximately HK$3,866,000).

One of the Directors, Mr. Kan Kwok Cheung, who is also a shareholder of the Company, has provided personal guarantee to the lessor in respect of the Group's lease liabilities of approximately HK$1,840,000 as at the end of the reporting period.

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

23. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active markets are determined with reference to quoted market bid prices and ask prices respectively.
- The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.
- The fair values of other financial assets and financial liabilities (excluding those described above) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

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

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

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	As at 30 September 2019 (Unaudited)			
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Financial assets at fair value through profit or loss	**3,902**	**–**	**–**	**3,902**
	–	**–**	**116**	**116**
	3,902	**–**	**116**	**4,018**

	As at 31 March 2019 (Audited)			
	Level 1	Level 2	Level 3	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets at fair value through profit or loss	6,065	–	–	6,065
	–	–	116	116
	6,065	–	116	6,181
Financial assets at fair value through other comprehensive income	–	–	1,245	1,245

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is principally engaged in the provision of civil engineering services for the public sector in Hong Kong and television broadcasting business in the Asia-Pacific region (excluding the PRC) in return for advertising and related revenue. During the six months ended 30 September 2019 (the "Period"), the Group continued to focus on rendering civil engineering services to the public sector in Hong Kong and develop its television broadcasting business.

Provision of civil engineering services

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

	Contract number	**Particulars of contract**
Main contracts	3/WSD/13	Mainlying near She Shan Tsuen, Tai Po
	DC/2013/09	Advance Works for Shek Wu Hui Sewage Treatment Works – Further Expansion Phase 1A and Sewerage Works at Ping Che Road
	Q067133	Elevated Road along Lohas Park Road and the pedestrian footbridge FB1
Subcontracts	DC/2012/08	Lam Tsuen Valley Sewerage – village sewerage, stage 2, phase 2
	5/WSD/13	Replacement and rehabilitation of water mains, stage 4 phase 1 and stage 4 phase 2 – mains in northern and eastern New Territories
	CV/2015/03	Site Formation and Infrastructural Works near Tong Hang Road and Tsz Tin Road in Area 54, Tuen Mun
	810B	West Kowloon Terminus Station South, Contract 810B
	CV/2016/10	Site Formation and Association Infrastructural Works For Development of Columbarium at Sandy Ridge Cemetery

During the Period, the two contracts with contracts numbered CV/2015/03 and CV/2016/10 were the main contributors to the Group's revenue, which generated approximately HK$29.6 million and HK$63.8 million, constituting approximately 26.7% and 57.6% of the Group's total revenue respectively.

Television broadcasting business

Despite the continuing uncertain global political and economic environment and the drastic changes in the media market in the first half of 2019, the Group continued to sustain larger pressure and challenges in traditional television broadcasting business. Also, due to intensive competition as well as deteriorating market development, the Group faces severe tough operating environment in keen competitions in the market in terms of brand recognition, quality of services, effectiveness of sales and marketing efforts, price, strategic relationships with customers and suppliers and retention of staff. Under the current circumstances, the Group is sensitive to such changes and takes responsive actions accordingly by incessantly exploring different forms of diversified media products to make space for the survival of the media market.

Looking ahead, the Group will seize the opportunities in the booming different business sectors and seek to tap on new customers, businesses and revenue streams for delivering better returns to its shareholders.

Financial Review

Revenue

For the Period, the Group reported a revenue of approximately HK$110.7 million (2018: approximately HK$142.0 million), representing a decrease of approximately 22.0% as compared with that for the same period of the previous year. The revenue derived from provision of civil engineering services and television broadcasting business constituted approximately 96.5% and 3.5% respectively during the Period. The decrease in revenue was mainly due to certain civil engineering projects substantially completed and reached the maintenance stage or nearly completion stage as well as keen competition faced by the Group in obtaining new tenders for the Period. The Group derived aggregate advertising revenue of approximately HK$3.9 million (2018: nil) from television broadcasting business.

During the Period, the revenue of the Group was primarily generated from the undertaking of civil engineering contracts in the capacity as a subcontractor and a jointly controlled operator. The revenue generated from undertaking in a capacity of a subcontractor and a jointly controlled operator amounted to approximately HK$95.4 million (2018: in the capacity of a subcontractor of approximately HK$110.3 million), representing approximately 86.2% (2018: in the capacity of a subcontractor of approximately 77.7%) of the total revenue for the Period. On the other hand, the aggregate revenue generated from the undertaking of civil engineering contracts in the capacity of a main contractor amounted to approximately HK$11.5 million (2018: in the capacity of a main contractor and jointly controlled operator of approximately HK$31.7 million), representing approximately 10.3% (2018: in the capacity of a main contractor and jointly controlled operator of approximately 22.3%) of the total revenue for the Period.

Cost of services

The Group's cost of services for the Period decreased by approximately 15.2% to approximately HK$121.5 million (2018: approximately HK$143.2 million) as compared with that for the same period of the previous year. The Group's cost of services mainly includes costs of construction services, costs of television broadcasting business and other direct operating costs. Costs of construction services mainly comprise raw materials, direct labour and subcontracting fee for services provided by the subcontractors. Costs of television broadcasting business mainly comprise transmission costs, broadcasting fee and other direct costs attributable to television broadcasting business. Transmission costs comprise satellite transmission fee and carriage fee payable to satellite operators while broadcasting fee comprises annual fee payable to media broadcasting providers and China Xinhua NNC. Other direct operating costs mainly comprise depreciation charges of LED display screens.

Gross loss

The gross loss of the Group for the Period was amounted to approximately HK$10.8 million (2018: approximately HK$1.2 million). The gross loss margin of the Group was amounted to approximately 9.7% for the Period (2018: approximately 0.9%). The decrease in gross profit was mainly due to (i) the progress of projects with higher gross profit margin had slowed down during the Period; (ii) the decrease in gross profit margin of certain projects awarded to the Group in the recent years as a result of keen competition in the construction industry in Hong Kong, (iii) additional construction costs were incurred towards the completion stage of certain projects and (iv) increasing in cost of construction works.

Other income

The Group's other income for the Period decreased by approximately 10.7% to approximately HK$0.2 million (2018: approximately HK$0.2 million) as compared with that for the same period of the previous year. The other income mainly consisted of interest income and cash dividend received from investment in financial assets at fair value through profit or loss during the Period.

Other gains and losses

The Group's other gains and losses for the Period decreased by approximately 20.2% to approximately HK$1.0 million in surplus (2018: approximately HK$1.3 million). Other gains and losses mainly consisted of net exchange gain and reversal of allowance for expected credit losses recognised for trade receivables for the Period.

Amortisation expenses

The Group's amortisation expenses for the Period decreased by approximately 2.9% to approximately HK$9.2 million (2018: approximately HK$9.5 million) as compared with that for the same period of the previous year. The amortisation expenses mainly consisted of amortisation of television broadcasting right and film rights for the television broadcasting business.

Administrative expenses

The Group's administrative expenses for the Period increased by approximately 31.8% to approximately HK$14.2 million (2018: approximately HK$10.8 million) as compared with that for the same period of the previous year. The administrative expenses mainly consisted of legal and professional fees, staff costs (including Directors' remuneration), depreciation expenses and rental expenses. The increase was mainly due to increase in repair and maintenance expenses and consultant fee during the Period.

Finance costs

The Group's finance costs for the Period increased by approximately 8.1% to approximately HK$13.9 million (2018: approximately HK$12.8 million) as compared with that for the same period of the previous year. The finance costs mainly consisted of interest expenses for the promissory note and convertible notes.

Net Loss

The net loss attributable to the owners of the Company for the Period increased by approximately 20.3% to approximately HK$47.5 million (2018: approximately HK$39.5 million) as compared with that for the same period of the previous year. The increase in net loss was mainly due to decrease in gross profit during the Period.

Loss per Share

The basic loss per Share was approximately HK1.17 cents (2018: approximately HK0.97 cent).

Prospects

The Group anticipates the coming year is still a challenging year. The provision of civil engineering service business will continue to provide a stable source of revenue and remains the major contributor to revenue while the Group will continue to develop the television broadcasting business. The Group will continue to cautiously monitor the business environment and continue to strength the competitiveness in the markets.

Provision of civil engineering services

Hong Kong construction companies are facing tougher competitive condition as well as the slower progress of scrutinising the funding proposals for public works projects by the Finance Committee and the Public Works Subcommittee due to political and social chaos in Hong Kong in the recent months. Also, the Group is currently facing tougher operating environment in respect of provision of civil engineering services business due to growing number of competitors for limited tenders for construction works. Some of the competitors were bidding at an extreme low margin or in some cases bidding at loss prices so as to increase the chance of successful tenders. As such, the fall in business opportunities drove the competitors to grasp more projects at low margins to compensate the declines from civil engineering sector. Tender margins will deteriorate further when the competitors only compete by price. Further, the shortage of supply of skilled labour and the increase in the price of certain raw materials would have adverse impact on the profit margin of the contracts awarded. In order to secure new contracts notwithstanding the overall sluggish condition in Hong Kong construction industry, the Group will adopt a relatively aggressive approach in seeking new contracts which including but not limited to relaxing payment terms of its contracts, tendering contracts with low profit margins so as to increase its competitiveness and maintain the market share.

Up to now, the Group still intends to keep the current team structure and resources in place strategically so as to capture every opportunity for bidding for major projects when those tenders roll out. The Group will use its best endeavour to bid for new projects, but before landing major profitable projects, it expects to operate in a tough environment in the coming financial year. The Group is prudently optimistic towards the long-term outlook of the construction industry in Hong Kong in view of the Hong Kong Government's continuing policies to launch large scale infrastructure projects.

Television broadcasting business

Looking ahead, the forthcoming financial year is expected to be challenging due to the competitive market conditions in the adverting industry. The course of the trade war between China and the U.S. and the political chaos in Hong Kong itself will further increase the burden of Hong Kong economy. Before a resolution becomes clear, the advertising market will still adopt a prudent approach and it will definitely affect the development of television broadcasting business including the potential redevelopment of Chinese ancient architectures business and related advertising business. Looking ahead, the Group keeps reviewing on its business segment to determine future directions. The Group will continue to remain cost conscious through stringent cost control measures and leverage on its experience, skillset and know-how to build new growth drivers for this business segment. The management will continue to develop solid operating strategies of the Group and explore other business opportunities with a view to enhancing and improving returns to our stakeholders.

The Group will continuously commit itself to developing its core operations and thus ensure the core competitive strength of the Group. The Group will further develop the following aspects so as to sharpen its competitive edges in the market. Looking ahead, the Group remains optimistic about the prospects of the core businesses of the Group in the long term.

Capital Structure

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

Total equity attributable to the owners of the Company amounted to approximately HK$217.7 million in deficit as at 30 September 2019 (31 March 2019: approximately HK$167.0 million). The decrease in equity was mainly resulted from net loss for the Period.

Liquidity and Financial Resources

During the Period, the Group generally financed its operations through internally generated cash flows.

As at 30 September 2019, the Group had net current liabilities of approximately HK$49.2 million (31 March 2019: net current assets of approximately HK$33.2 million), including cash balance of approximately HK$67.3 million (31 March 2019: approximately HK$79.9 million). The current ratio, being the ratio of current assets to current liabilities, was approximately 0.78 as at 30 September 2019 (31 March 2019: approximately 1.19).

Gearing Ratio

The gearing ratio, which is based on the total amount of promissory note, convertible notes, finance lease payables, lease liabilities and advance received from customers divided by total assets, was approximately 129.3% as at 30 September 2019 (31 March 2019: approximately 111.0%). The increase in gearing ratio was resulted from decrease in total assets which was resulted from amortization of intangible assets.

Foreign Exchange Exposure

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

Capital Commitment

As at 30 September 2019, the Group had contracted but not provided for capital commitment of HK$3.0 million representing property, plant and equipment in respect of provision of civil engineering services business (31 March 2019: Nil).

Charges on the Group's Assets

The Group's motor vehicles with net book values of approximately HK$1.9 million (31 March 2019: approximately HK$0.1 million) was held under finance lease as at 30 September 2019.

Contingent Liabilities

As at 30 September 2019, the Group did not have any material contingent liabilities (31 March 2019: Nil).

Dividends

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

Information on Employees

As at 30 September 2019, the Group had 205 full-time employees in Hong Kong and over 90% of them are direct labour. Total staff costs (including Directors' remuneration) for the Period amounted to approximately HK$42.0 million (2018: approximately HK$42.5 million), representing a decrease of approximately 1.2% over that for the previous year.

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

Significant Investment Held

As at 1 April 2019, the Group held 20% equity interest in the issued share capital of unlisted equity securities in the PRC which is engaged in provision of audio and video mobile content services in Express Rail in the PRC as a long term investment. The investment was disposed in May 2019.

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

Future Plans for Material Investments and Capital Assets

As at 30 September 2019, the Group did not have other plans for material investments and capital assets (31 March 2019: Nil).

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

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

Share Option Scheme

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

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

As at 30 September 2019, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (Cap. 571, Laws of Hong Kong) ("SFO")) which have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO); or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or which were required to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rule 5.46 of the GEM Listing Rules, were as follows:

Long position in the Shares:

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

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

Saved as disclosed above, as at 30 September 2019, none of the Directors and chief executive of the Company had any other interests or short positions in any Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or which were required to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rule 5.46 of the GEM Listing Rules.

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

So far as was known to the Directors, as at 30 September 2019, the following persons/entities (other than the Directors or chief executive of the Company) had, or are deemed to have, interests or short positions in the Shares, underlying Shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who/which were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group or who/which were recorded in the register required to be kept by the Company under Section 336 of the SFO with details as follows:

Long position in the Shares:

	Number of Shares held		Number of underlying Shares under convertible notes *(Note a)*			
Name	**Beneficial owner**	**Interest in controlled corporation**	**Beneficial owner**	**Interest in controlled corporation**	**Total interests**	**Percentage of aggregate interests to total issued share capital**
China Xinhua NNC	1,188,621,377 *(Note b)*	–	1,311,378,622 *(Note b)*	–	2,499,999,999	61.65%
中國新華新聞電視網有限公司 ("CNC China")	–	1,188,621,377 *(Note b)*	–	1,311,378,622 *(Note b)*	2,499,999,999	61.65%

Notes:

(a) Details of the convertible notes were set out in the circulars of the Company dated 19 November 2011, 6 January 2015, 17 January 2018 and 16 January 2019.

(b) China Xinhua NNC is wholly and beneficially owned by CNC China. Accordingly, CNC China is deemed to be interested in the 1,188,621,377 Shares and 1,311,378,622 underlying Shares held by China Xinhua NNC under the SFO.

Saved as disclosed above, as at 30 September 2019, the Directors were not aware of any other person/entity (other than the Directors or chief executive as disclosed in the paragraph headed "Directors' and chief executive's interests and short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations" above) who/which had, or is deemed to have, interests or short positions in the Shares, underlying Shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who/which were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group or who/which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

PURCHASE, SALE OR REDEMPTION OF THE SHARES

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

CONNECTED TRANSACTIONS

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

Television Broadcasting Right Agreement

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

GEM Listing Rules Implications

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

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

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders and enhance the performance of the Group. The Company has applied the principles and code provisions in the Code on Corporate Governance Practices (the "Code") as set out in Appendix 15 to the GEM Listing Rules. In the opinion of the Board, the Company has complied with the Code during the Period, except paragraph A.6.7 of the Code. This announcement further illustrates in detail as to how the Code was applied, inclusive of the considered reasons for any deviation throughout the Period.

Paragraph A.6.7 of the Code requires that independent non-executive directors and non-executive directors shall attend general meetings and develop a balanced understanding of the views of shareholders. A non-executive Director, namely Ms. Tang Li, did not attend the annual general meeting of the Company held on 9 August 2019 due to overseas commitment and pre-arranged business engagements. Other Board members, the chairmen of the relevant Board committees and the external auditor of the Company also attended the annual general meeting to inter-face with, and answer questions from the Shareholders.

AUDIT COMMITTEE

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

As at 30 September 2019, the members of the Audit Committee were Mr. Wong Chung Yip, Kenneth, Ms. Tang Li, Mr. Law Cheuk Hung, Mr. Wu Guo Ming and Mr. Wan Chi Keung, Aaron, *BBS, JP*. Mr. Wong Chung Yip, Kenneth was the chairman of the Audit Committee. The Audit Committee had reviewed the unaudited condensed consolidated results of the Group for the Period and is of the opinion that the preparation of such results complied with the applicable accounting standards and that adequate disclosures have been made.

* *For identification purpose only*

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

Hong Kong, 11 November 2019

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

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

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