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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)

PROFIT WARNING

The announcement is made by CNC Holdings Limited (the “**Company**”), together with its subsidiaries, the “**Group**”) pursuant to Rule 17.10 of the Rules (the “**GEM Listing Rules**”) Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined under the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders of the Company and potential investors that, based on the preliminary review of the unaudited consolidated management accounts of the Group for the nine months ended 31 December 2019 (the “**Period**”) and assessment of the latest information currently available to the Board, the Group is expected to record an increase of approximately 32% in net loss as compared to the net loss of approximately HK\$54.9 million recorded for the corresponding period in 2018.

Such increase in net loss of the Group for the Period was mainly attributable to the increase in net loss from the business segment of provision of civil engineering services (the “**Civil Engineering Segment**”), which is the core business and major revenue contributor of the Group. The increase in net loss of the Civil Engineering Segment was mainly attributable to the following reasons:

- (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) increase in cost of construction works.

The information contained in this announcement is only based on the Board's preliminary assessment of the unaudited consolidated management accounts of the Group for the Period which have not been audited by the auditor of the Company nor reviewed by the audit committee of the Company, and are subject to adjustments. The Company is still in the process of finalising the consolidated results of the Group for the Period. Details of the Group's financial information and performance will be disclosed in the Group's third quarterly results announcement for the Period which is expected to be released on 12 February 2020.

Shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company.

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

Hong Kong, 7 February 2020

As at the date of this announcement, the Directors are Dr. Jiang Yan¹ (Chairman), Dr. Li Yong Sheng¹ (Vice Chairman and Chief Executive Officer), Mr. Liu Da Yong¹, Mr. Kan Kwok Cheung¹, Ms. Tang Li², Mr. Law Cheuk Hung², Mr. Fan Chun Wah, Andrew, JP³, Mr. Wu Guo Ming³, Mr. Wan Chi Keung, Aaron, BBS, JP³ and Mr. Wong Chung Yip, Kenneth³.

¹ Executive Director

² Non-executive Director

³ Independent non-executive Director

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange 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.

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 date of its posting and the Company's website at <http://www.cnctv.hk>.