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 year ended 31 March 2020 (the "**Year**") and assessment of the latest information currently available to the Board, the Group is expected to record an increase of approximately 54.5% in net loss as compared to the net loss of approximately HK$65.3 million recorded for the corresponding period in 2019.

Such increase in net loss of the Group for the Year 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 Year;

(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) an increase in direct costs incurred from (a) general increasing construction costs; (b) unexpected complexity arising from construction works for certain construction projects of the Group during the year and towards the completion stage and (c) delays in certain projects as a result of the outbreak of the novel coronavirus (COVID-19) epidemic; and

(iv) provision of expected credit losses allowance of contract assets and trade receivables amounted to approximately 5.4 million and approximately 7.9 million respectively, the majority of which was mainly related to the contract assets and trade receivables ("such receivables") from a customer of a civil engineering contract in the capacity of a subcontractor. To the best knowledge of the Company based on the information currently available and after taking into consideration (a) the defaulted payments; (b) the aforesaid customer being under the process of liquidation; and (c) certain winding up petitions filed against the aforesaid customer, the Group considered that the recoverability of such receivables from the aforesaid customer to be uncertain and accordingly the Group had provided a provision of expected credit losses allowance of such receivables. The Group will take appropriate actions against the aforesaid customer with an attempt to recover the amounts. The Company will update its shareholders on any material development as and when appropriate.

The Company is still in the process of finalising the consolidated results of the Group for the Year. 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 Year which have not been audited by the auditor of the Company nor reviewed by the audit committee of the Company. The actual results of the Group for the Year may differ from the information contained in this announcement. Details of the Group's audited financial information and performance will be disclosed in the Group's annual results announcement for the Year which is expected to be released on 19 June 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, 12 June 2020

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, 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.