

Interim Report

2013 | 2014



CULTURECOM

CULTURECOM HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)
(Stock Code : 00343)

CORPORATE INFORMATION

NON-EXECUTIVE DIRECTOR

Mr. Chu Bong Foo (*Chairman*)

EXECUTIVE DIRECTORS

Ms. Chow Lai Wah Livia (*Vice Chairman*)
 Mr. Kwan Kin Chung (*Managing Director*)
 Mr. Chung Billy
 Mr. Tang U Fai
 Mr. Tang Kwing Chuen Kenneth
 Mr. Chen Man Lung
 Mr. Wan Xiaolin

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tsang Wai Wa
 Mr. Joseph Lee Chennault
 Mr. Lai Qiang
 Ms. Ng Ying

COMPANY SECRETARY

Mr. Tam Kam Biu William

CORPORATE GOVERNANCE COMMITTEE

Mr. Chen Yen Lung
 Ms. Chow Lai Wah Livia
 Mr. Tang Kwing Chuen Kenneth
 Ms. Mak Wing Shuen Jennie

AUDIT COMMITTEE

Mr. Tsang Wai Wa
 Mr. Joseph Lee Chennault
 Mr. Lai Qiang

REMUNERATION COMMITTEE

Mr. Tsang Wai Wa
 Mr. Wan Xiaolin
 Mr. Lai Qiang

NOMINATION COMMITTEE

Ms. Chow Lai Wah Livia
 Mr. Tsang Wai Wa
 Mr. Lai Qiang

PRINCIPAL BANKER

The Hongkong and Shanghai Banking
 Corporation Limited

SOLICITORS

Michael Li & Co.
 Appleby

AUDITOR

Deloitte Touche Tohmatsu

PUBLIC RELATION

PR Concepts Asia Limited

REGISTERED OFFICE

Canon's Court
 22 Victoria Street
 Hamilton HM 12
 Bermuda

PRINCIPAL OFFICE

Suite 1102, 11th Floor
 Chinachem Tower,
 34-37 Connaught Road Central,
 Hong Kong

PRINCIPAL REGISTRAR

Butterfield Fulcrum Group (Bermuda) Limited
 26 Burnaby Street
 Hamilton HM 11
 Bermuda

BRANCH REGISTRAR

Computershare Hong Kong Investor Services
 Limited
 Shops 1712-1716
 17th Floor, Hopewell Centre
 183 Queen's Road East
 Wan Chai
 Hong Kong

COMPANY WEBSITE

www.culturecom.com.hk

STOCK CODE

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CHAIRMAN'S STATEMENT

BUSINESS REVIEW

During this period, the fluctuating licensing market has continued to affect many of our businesses and investments. Although the competitive licensing business environment has challenged us greatly, comics licensing has continued to be a major source of revenue in this period. In order to augment the comics licensing business, the Group will soon launch Ucan, a mobile platform that integrates comics, music, gaming and e-commerce. As of 30 September 2013, the Ucan platform has undergone its final testing, and the expected launching date will be sometime during the second half of 2013. Combining elements of comics, music, gaming and shopping in one portal that can be accessible by many mobile devices at any time, Ucan is uniquely positioned to offer a one-of-a-kind experience not easily found elsewhere.

The global game market has remained highly competitive in this period as well. In order to stay ahead of the competition, our Group has successfully migrated to mobile game and comics development, with in-house development effort in partnership with global gaming developers. In line with that strategy, a few beta version mobile games and comics series were launched during the period, while more releases are pending in the second half of 2013. We hope by partnering up with global game developers, we can produce unique games that will meet the demand of China's growing gaming community.

With respect to the culturally related technology, our Group has secured suitable cooperative partners to enhance and further commercialize its technologies. One of the golden ideals of the Group has always been about bringing Chinese culture into the mainstream; and in light of this, our Group is at the final stages of developing an Asian-flavor animation/comic creation interface using our very own Generating Engine technology. Our huge animation/comic image database and this Generating Engine together will allow the mass public to participate in the production process; lowering cost on one hand, while appealing to a new generation of artists.

Aside from technology and comics, our Group's venture in the petroleum extraction business has flourished over the period, but owing to various difficulties encountered in its drilling and exploration activities, operating earnings were somewhat negatively affected. With a strong desire to refocus on its core business of comics and gaming, the Group, on 6 February 2013, entered into a sale and purchase agreement with an independent third party ("Purchaser") in relation to the disposal of 100% equity interest of Raise Beauty Investments Limited ("Raise Beauty"), the company that holds the exploration rights, at a consideration of RMB80,000,000. The Group received 40% of the consideration upon the signing of the agreement, in which 40% equity interest of Raise Beauty was transferred to the Purchaser. The disposal of remaining 60% was completed on 22 October 2013, upon which the remaining 60% equity interest of Raise Beauty was transferred to the Purchaser.

CHAIRMAN'S STATEMENT

PROSPECTS

Looking forward, the Group is excited about its future projects, and optimistic of its upcoming journey. We will continue to be proactive in making strong business development strategy by partnering with online and offline merchants. The Group will introduce more games and comics to Ucan to increase sales, optimize the game publishing platform for an overall enhanced user's experience, as well as leverage on our position in publishing and multi-media to further strengthen our brand recognition in the international arena. Besides Ucan, the Group will continue to make further inroads to our core business of animation and comics market in Asia, such as setting up educational programs and training grounds for artists and like-minded animators in China. In spite of the upcoming challenges, the Group is confident that it will entrench its predominance and market position with its solid foundation in comics and game publishing. All in all, we salute to our shareholders wholeheartedly, and promise that we will continue to strive for the best investment strategies that would benefit them in the long run.

APPRECIATION

I would like to express my sincere gratitude to the Board of Directors, our management and staff for their continued dedication in the past period, and to all our customers, suppliers, business partners and shareholders for their enthusiastic support of the Group.

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REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte.
德勤

TO THE BOARD OF DIRECTORS OF CULTURECOM HOLDINGS LIMITED

(incorporated in the Bermuda with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Culturecom Holdings Limited (the "Company") and its subsidiaries set out on pages 6 to 33, which comprise the condensed consolidated statement of financial position as of 30 September 2013 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Without qualifying our review conclusion, we draw attention to the fact that the comparative condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period ended 30 September 2012 and the relevant explanatory notes included in these condensed consolidated financial statements have not been reviewed in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

27 November 2013

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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

	Notes	Six months ended 30 September	
		2013 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited) (restated)
Continuing operations			
Revenue	3	13,941	19,175
Cost of sales		(6,030)	(11,952)
Gross profit		7,911	7,223
Other income and other gains and losses	4	1,196	1,395
Administrative expenses		(43,411)	(30,103)
Loss on fair value changes of held-for-trading investments		(3,687)	(9,872)
Share of losses of associates		(931)	(1,604)
Impairment on available-for-sale financial asset		-	(15,000)
Cost incurred to develop online business	6	(13,330)	(9,843)
Finance costs	7	(2)	(4)
Loss before tax		(52,254)	(57,808)
Income tax expense	8	(40)	(284)
Loss for the period from continuing operations		(52,294)	(58,092)
Discontinued operations			
Loss for the period from discontinued operations	9	(9,428)	(7,573)
Loss for the period	10	(61,722)	(65,665)
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of group entities		1,124	1,696
Other comprehensive income for the period		1,124	1,696
Total comprehensive expense for the period		(60,598)	(63,969)

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

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

	Note	Six months ended 30 September	
		2013 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited) (restated)
Loss for the period attributable to:			
Owners of the Company			
- Loss for the period from continuing operations		(50,850)	(58,092)
- Loss for the period from discontinued operations		(8,332)	(7,573)
		<u>(59,182)</u>	<u>(65,665)</u>
Non-controlling interests			
- Loss for the period from continuing operations		(1,444)	-
- Loss for the period from discontinued operations		(1,096)	-
		<u>(2,540)</u>	<u>-</u>
		<u>(61,722)</u>	<u>(65,665)</u>
Total comprehensive expense for the period attributable to:			
Owners of the Company		(58,203)	(63,969)
Non-controlling interests		(2,395)	-
		<u>(60,598)</u>	<u>(63,969)</u>
LOSS PER SHARE			
From continuing and discontinued operations			
Basic (HK cents)	12	<u>(5.1)</u>	<u>(6.3)</u>
Diluted (HK cents)		<u>(5.1)</u>	<u>(6.3)</u>
From continuing operations			
Basic (HK cents)		<u>(4.4)</u>	<u>(5.6)</u>
Diluted (HK cents)		<u>(4.4)</u>	<u>(5.6)</u>

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2013

	Notes	30 September 2013 HK\$'000 (unaudited)	31 March 2013 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	13	15,231	12,512
Deposit for acquisition of property, plant and equipment and online business development		5,363	-
Interests in associates		12,097	13,028
Intangible assets		6,683	1,385
Deferred tax assets		2,138	2,178
Loan to an associate		24,823	24,823
Interest in a joint venture		1	-
		66,336	53,926
Current assets			
Inventories		35,635	36,757
Trade receivables	14	5,382	6,120
Other receivables, deposits and prepayments	14	54,959	29,148
Held-for-trading investments		26,023	29,710
Loan to an associate		6,240	-
Amounts due from associates		128	41
Bank balances and cash		215,573	300,461
		343,940	402,237
Assets classified as held for sale	9	123,555	130,554
		467,495	532,791

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

AS AT 30 SEPTEMBER 2013

	Notes	30 September 2013 HK\$'000 (unaudited)	31 March 2013 HK\$'000 (audited)
Current liabilities			
Trade payables	15	742	2,380
Other payables and accrued charges	15	20,532	31,053
Obligations under finance leases - due within one year		-	7
		21,274	33,440
Liabilities associated with assets classified as held for sale	9	23,428	25,625
		44,702	59,065
Net current assets		422,793	473,726
Net assets		489,129	527,652
Capital and reserves			
Share capital	16	11,716	10,928
Reserves		442,282	479,198
Equity attributable to owners of the Company		453,998	490,126
Non-controlling interests		35,131	37,526
		489,129	527,652

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

	Attributable to owners of the Company										
	Share capital HK\$'000	Share premium HK\$'000	Contribution surplus HK\$'000 (Note a)	Warrant reserve HK\$'000 (Note b)	Capital redemption reserve HK\$'000	Translation reserve HK\$'000	Share option reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 April 2012	10,396	1,730,979	171,671	25,580	446	25,674	63,619	(1,269,429)	758,936	-	758,936
Loss for the period	-	-	-	-	-	-	-	(65,665)	(65,665)	-	(65,665)
Other comprehensive income											
Exchange differences on translation of group entities	-	-	-	-	-	1,696	-	-	1,696	-	1,696
Total comprehensive expense for the period	-	-	-	-	-	1,696	-	(65,665)	(63,969)	-	(63,969)
Issue of warrants (note 17)	-	-	-	7,679	-	-	-	-	7,679	-	7,679
Exercise of warrants	33	899	-	-	-	-	-	-	932	-	932
Expenses incurred on warrants issue	-	-	-	(116)	-	-	-	-	(116)	-	(116)
Transfer from warrant reserve to share premium due to exercise of warrants	-	183	-	(183)	-	-	-	-	-	-	-
At 30 September 2012 (unaudited)	10,429	1,732,061	171,671	32,960	446	27,370	63,619	(1,335,094)	703,462	-	703,462
At 1 April 2013 (audited)	10,928	1,755,580	171,671	22,829	446	32,111	63,619	(1,567,058)	490,126	37,526	527,652
Loss for the period	-	-	-	-	-	-	-	(59,182)	(59,182)	(2,540)	(61,722)
Other comprehensive income											
Exchange differences on translation of group entities	-	-	-	-	-	979	-	-	979	145	1,124
Total comprehensive expense for the period	-	-	-	-	-	979	-	(59,182)	(58,203)	(2,395)	(60,598)
Exercise of warrants	788	21,287	-	-	-	-	-	-	22,075	-	22,075
Transfer from warrant reserve to share premium due to exercise of warrants	-	15,186	-	(15,186)	-	-	-	-	-	-	-
Lapse of warrants	-	-	-	(151)	-	-	-	151	-	-	-
At 30 September 2013 (unaudited)	11,716	1,792,053	171,671	7,492	446	33,090	63,619	(1,626,089)	453,998	35,131	489,129

Notes:

- (a) Contribution surplus represents the difference between the nominal value of the share capital of the acquired subsidiaries and the nominal amount of the Company's share capital issued as consideration for the acquisition as at the date of the group reorganisation in prior years.
- (b) Warrant reserve arises from the issue of warrants less the expenses incurred on warrants issue. Upon exercise of warrant, warrant reserve would be transferred to share premium. (note 17).

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

	Note	Six months ended 30 September	
		2013 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited)
NET CASH USED IN OPERATING ACTIVITIES		(87,717)	(60,906)
INVESTING ACTIVITIES			
Interest received		261	-
Proceeds from disposal of property, plant and equipment		-	10
Purchase of property, plant and equipment		(3,958)	(5,125)
Deposits paid for acquisition of property, plant and equipment and online business development		(5,363)	-
Investments in intangible assets	6	(5,298)	-
Investment in a joint venture		(1)	-
Short term loan to an associate		(6,240)	(24,828)
Other investing activities		-	5
NET CASH USED IN INVESTING ACTIVITIES		(20,599)	(29,938)
FINANCING ACTIVITIES			
Proceeds from issue of warrants		-	7,679
Proceeds from exercise of warrants issued		22,075	932
Repayments of obligation under finance leases		(7)	(21)
Expenses paid on warrants issue		-	(116)
NET CASH FROM FINANCING ACTIVITIES		22,068	8,474
NET DECREASE IN CASH AND CASH EQUIVALENTS		(86,248)	(82,370)
CASH AND CASH EQUIVALENTS AT 1 APRIL		300,461	434,531
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		1,360	430
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER, represented by bank balances and cash		215,573	352,591

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The condensed consolidated financial statements of Culturecom Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2013 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2013.

In the current interim period, the Group has applied, for the first time, the following new or revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009 – 2011 Cycle
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In the current interim period, the Group has applied for the first time HKFRS 10, HKFRS 11, HKFRS 12 and HKAS 28 (as revised in 2011) together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding the transitional guidance. HKAS 27 (as revised in 2011) is not applicable to these condensed consolidated financial statements as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

Impact of the application of HKFRS 10

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK(SIC)-Int 12 *Consolidation – Special Purpose Entities*. HKFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

Based on the existing group structure, the initial application of HKFRS 10 is not expected to have a significant impact on the amounts reported in the condensed consolidated financial statements.

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current interim period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in the interim condensed consolidated financial statements.

The scope of HKFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. HKFRS 13 contains a new definition for 'fair value' and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively. Disclosures of fair value information are set out in note 19. Other than the additional disclosures, the application of the HKFRS 13 has not had any material impact on the amounts recognised in the condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. **PRINCIPAL ACCOUNTING POLICIES** (Continued)

New and revised Standards on consolidation, joint arrangements, associates and disclosures (Continued)

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

Except as described above, the application of the other new or revised HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

3. REVENUE

Revenue on continuing operations, which is also the Group's turnover, represents the net amount received and receivable for goods sold by the Group, less returns, trade discounts and allowances, and is analysed as follows:

	Six months ended 30 September	
	2013 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited) (restated)
Continuing operations		
Publishing	4,857	10,167
Retailing and wholesales	8,865	8,881
Catering	219	67
Others	-	60
	13,941	19,175

4. OTHER INCOME AND OTHER GAINS AND LOSSES

	Six months ended 30 September	
	2013 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited) (restated)
Continuing operations		
Rental income	11	-
Interest income from an associate	44	-
Interest income on bank deposits	261	578
Dividend received from listed equity securities	91	89
Net foreign exchange gain	274	60
(Loss) gain on disposal of property, plant and equipment	(54)	10
Sundry income	569	299
Gain on disposal of securities	-	359
	1,196	1,395

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. SEGMENT INFORMATION

Information reported to the executive directors, being the Group's chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. This is also the basis upon which the Group is organised and specifically focuses on the Group's operating divisions. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable and operating segments from continuing operations under HKFRS 8 operating segments are as follows:

Continuing operations

- Publishing: publication of comic books and royalty income from licensing comic books.
- Chinese information infrastructure and online social music gaming platform: provision of server management, data warehousing services and provision of online social music gaming and online shopping via an online platform (Note b).
- Retailing and wholesales: retailing of clothes, cosmetics and ladies accessories and red wine in Hong Kong and Macau, and wholesales of insulation materials in Japan and red wine in Hong Kong and Macau.
- Catering: catering services in Macau.

Discontinued operations

- Crude oil exploration services: crude oil exploration services in the People's Republic of China (the "PRC") (Note c).

Notes:

- (a) All transactions between different operating segments are charged at prevailing market rates.
- (b) Target customers are mainly in the PRC, Hong Kong and Taiwan for this segment. The operation of this segment has not started during the period and is planned to be commenced in the financial year of 2014.
- (c) On 6 February 2013, the Group has entered into a sales and purchase agreement to dispose of 100% equity interest in Raise Beauty Investments Limited and its subsidiaries to an independent third party. In accordance with HKFRS 5, the Group's business of crude oil exploration services is regarded as discontinued operations. Comparative information for the period ended 30 September 2012 was re-presented. The transaction is completed subsequently in October 2013 and the subsidiary has been fully disposed.

The segment information reported below does not include any amounts from these discontinued operations, which are described in more detail in note 9.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. SEGMENT INFORMATION (Continued)

For the period ended 30 September 2012 (unaudited)

Continuing operations

	Publishing HK\$'000	Chinese information infrastructure and online social music gaming platform HK\$'000	Retailing and wholesales HK\$'000	Catering HK\$'000	Elimination HK\$'000	Consolidated HK\$'000 (restated)
Revenue						
External sales	10,167	60	8,881	67	-	19,175
Inter-segment sales	-	20	-	-	(20)	-
	<u>10,167</u>	<u>80</u>	<u>8,881</u>	<u>67</u>	<u>(20)</u>	<u>19,175</u>
Segment results	1,977	(24,331)	(99)	(53)	-	(22,506)
Unallocated expenses						(36,659)
Unallocated incomes						1,361
Finance costs						(4)
Loss before tax from continuing operations						<u>(57,808)</u>

Segment result represents the profit (loss) before tax incurred by each segment without the allocation of incomes or expenses resulted from loss on fair value changes of held-for-trading investments, impairment on available-for-sale financial assets, share of losses of associates, unallocated corporate expenses and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

As the Group's assets and liabilities are only reviewed by the CODM as a whole and hence no analysis of the Group's assets and liabilities by operating segments is disclosed.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. COST INCURRED TO DEVELOP ONLINE BUSINESS

During the year ended 31 March 2013, the Group started to invest in a new business-development of an online social platform called Ucan.com that aims to provide virtual-reality social gaming platform to users who could interact with others in an online city.

During the period ended 30 September 2013, the online social platform is at the final development stage. The Group focuses on developing games that could be downloaded by mobile devices. Expenditures related to game development is regarded as content development that will generate probable future economic benefits to the Group. As at 30 September 2013, HK\$5,298,000 (30 September 2012: HK\$nil) of expenditures related to game development to the existing platform are capitalised as intangible assets. The amortisation period of the intangible assets is 3 to 5 years.

Other expenditures incurred for further development of the platform during the current period mainly related to the platform improvement, advertising, and promotion of the platform amounting approximately HK\$13,330,000 are expensed when they are incurred.

During the period ended 30 September 2012, expenditures incurred for development of the platform amounting approximately HK\$9,843,000 were expensed when they were incurred.

7. FINANCE COSTS

	Six months ended 30 September	
	2013 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited)
Continuing operations		
Interest charges on finance leases	2	4

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. INCOME TAX EXPENSE

Pursuant to the rules and regulations of Bermuda, the Group is not subject to any income tax in Bermuda for both periods.

Hong Kong Profits Tax is calculated at 16.5% (2012: 16.5%) on the estimated assessable profits for both periods. Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

No provision for Hong Kong Profits Tax or Enterprise Income Tax has been made in the financial statement as the Company had no assessable profit for both periods.

	Six months ended 30 September	
	2013	2012
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
		(restated)
Continuing operations		
Deferred tax expense	40	284

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. DISCONTINUED OPERATIONS

On 6 February 2013, the Group has entered into a sales and purchase agreement (the "Agreement") regarding the disposal of 100% equity interest of Raise Beauty Investments Limited ("Raise Beauty" or the "Disposal Group"), one of the subsidiaries of the Group, which has crude oil exploration services business in the PRC (the "Disposal") at the total consideration of RMB80 million (approximately equivalent to HK\$100,127,000), to an independent third party, Waveon Holdings Limited (the "Buyer").

On 6 February 2013, 40% of the equity interest of Raise Beauty and the respective 40% of shareholder's right were transferred to the Buyer and the Group received 40% of the consideration of RMB32 million (approximately equivalent to HK\$39,385,000), which is non-refundable even if the disposal of the remaining 60% equity interest does not take place in accordance with the time schedule set out in the relevant agreement. The Disposal was completed on 22 October 2013 and the remaining consideration for the 60% equity interest of Raise Beauty of RMB48 million (approximately equivalent to HK\$60,743,000) was paid to the Group. No change of the board of directors of the Disposal Group as at 30 September 2013. Subsequent to the reporting period the remaining 60% equity interest has been fully disposed as disclosed in note 21.

For the year ended 31 March 2013, the disposal of the 40% equity interest of Raise Beauty was treated as a transaction that does not give rise to the Group losing control over Raise Beauty and hence the 40% equity interest disposed of to the Buyer was recognised as non-controlling interest of the Group as at 31 March 2013 and 30 September 2013. The crude oil exploration services business is presented as a discontinued operation and the comparative figures in the consolidated statement of comprehensive income and the respective disclosure notes for the six months ended 30 September 2012 have been re-presented accordingly.

The assets and liabilities attributable to the crude oil exploration services business have been classified as the disposal group held for sale as at 31 March 2013 and 30 September 2013 in accordance with HKFRS 5.

The crude oil exploration services business is a cash generating unit ("CGU") for the purpose of impairment testing of the tangible assets and exploration and production services rights. A CGU is considered to be impaired when its recoverable amount declines below its carrying amount.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. DISCONTINUED OPERATIONS (Continued)

The management conducted an impairment assessment of the Group's crude oil exploration services business during the year ended 31 March 2013 and the six months ended 30 September 2013 and determined that the recoverable amount of the CGU that is determined by reference to the sales consideration set out in the Agreement. For the six months ended 30 September 2013, impairment losses on property, plant and equipment and exploration and production services right of approximately HK\$2,249,000 (31 March 2013: HK\$25,926,000) and HK\$5,550,000 (31 March 2013: HK\$51,054,000), respectively had been recognised in profit or loss, on a pro-rata basis based on the carrying amounts of the assets in the unit for the impairment loss allocation.

Losses for the six months ended 30 September 2013 and 2012 from discontinued operations were as follows:

	Six months ended 30 September	
	2013 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited)
Revenue	187	1,236
Cost of sales	(212)	(403)
Other income	-	7
Administrative expenses	(2,714)	(9,865)
Impairment on property, plant and equipment	(2,249)	-
Impairment on intangible asset	(5,550)	-
	<hr/>	<hr/>
Loss before tax	(10,538)	(9,025)
Income tax credit	1,110	1,452
	<hr/>	<hr/>
Loss for the period from discontinued operations	(9,428)	(7,573)
	<hr/>	<hr/>
Loss for the period from discontinued operations		
- attributable to the owners of the Company	(8,332)	(7,573)
- attributable to non-controlling interests	(1,096)	-
	<hr/>	<hr/>
	(9,428)	(7,573)
	<hr/>	<hr/>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. DISCONTINUED OPERATIONS (Continued)

Loss for the period from the discontinued operations were as follows:

	Six months ended 30 September	
	2013 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited)
Staff costs	497	529
Auditor's remuneration	279	-
Amortisation of intangible assets	-	5,813
Depreciation of property, plant and equipment	-	2,083
Operating lease rentals in respect of rental premises	186	187
	<u> </u>	<u> </u>

Cash flows for the period from the discontinued operations were as follows:

	Six months ended 30 September	
	2013 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited)
Net cash outflows from operating activities	(3,870)	(2,314)
Net cash outflows from investing activities	(4)	(5)
Net cash inflows from financing activities	3,132	1,698
	<u> </u>	<u> </u>
Net cash outflows	<u>(742)</u>	<u>(621)</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. DISCONTINUED OPERATIONS (Continued)

The major classes of assets and liabilities of the crude oil exploration services business as at 30 September 2013 and 31 March 2013, which have been presented separately in the condensed consolidated statement of financial position, are as follows:

	30 September 2013 HK\$'000 (unaudited)	31 March 2013 HK\$'000 (audited)
Property, plant and equipment, net of impairment	32,887	34,259
Intangible assets, net of impairment	63,834	69,384
Trade receivables	21,152	20,638
Other receivables	5,072	5,284
Bank balances and cash	610	989
	<hr/>	<hr/>
Total assets classified as held for sale	123,555	130,554
	<hr/>	<hr/>
Trade payables	(2,961)	(3,182)
Other payables and accrued charges	(4,175)	(5,041)
Deferred tax liability	(16,292)	(17,402)
	<hr/>	<hr/>
Total liabilities associated with assets classified as held for sale	(23,428)	(25,625)
	<hr/>	<hr/>

Ageing analysis of trade receivables of the discontinued operation presented based on invoice date, which approximated the revenue recognition date, are as follows:

	30 September 2013 HK\$'000 (unaudited)	31 March 2013 HK\$'000 (audited)
0 – 60 days	295	2,845
61 – 90 days	-	7,300
91 – 180 days	219	-
Over 180 days	20,638	10,493
	<hr/>	<hr/>
	21,152	20,638
	<hr/>	<hr/>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. DISCONTINUED OPERATIONS (Continued)

Ageing analysis of trade payables of the discontinued operation presented based on invoice date are as follows:

	30 September 2013 HK\$'000 (unaudited)	31 March 2013 HK\$'000 (audited)
0 – 60 days	-	1,503
61 – 90 days	-	-
Over 90 days	2,961	1,679
	2,961	3,182

10. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging the following items:

	Six months ended 30 September 2013 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited) (restated)
Continuing operations		
Staff costs, including directors' emoluments	13,535	9,696
Depreciation of property, plant and equipment	949	705

11. DIVIDEND

No dividend was paid, declared or proposed during both interim periods. The directors of the Company have determined that no dividend will be paid in respect of the interim period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. LOSS PER SHARE

From continuing and discontinued operations

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

	Six months ended 30 September	
	2013 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited)
Loss for the period attributable to owners of the Company for the purposes of basic and diluted loss per share	<u>(59,182)</u>	<u>(65,665)</u>
Number of shares	2013 '000	2012 '000
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	<u>1,158,448</u>	<u>1,037,697</u>

From continuing operations

The calculation of basic and diluted loss per share from continuing operations attributable to the owners of the Company is based on the following data:

	Six months ended 30 September	
	2013 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited) (restated)
Loss figures are calculated as follows:		
Loss for the period attributable to owners of the Company	<u>(59,182)</u>	<u>(65,665)</u>
Less: Loss for the period from discontinued operations	<u>(8,332)</u>	<u>(7,573)</u>
Loss for the purposes of basic and diluted loss per share from continuing operations	<u>(50,850)</u>	<u>(58,092)</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. LOSS PER SHARE (Continued)

From continuing operations (Continued)

The denominators used are the same as those detailed above for basic and diluted loss per share.

The computation of diluted loss per share does not assume the conversion of the Company's previously outstanding warrants and share options since their exercise would result in a decrease in loss per share from continuing operations.

From discontinued operations

For the six months ended 30 September 2013, basic loss per share from discontinued operations were HK0.7 cents per share (30 September 2012: basic earnings per share from discontinued operations was HK0.7 cents per share as restated), based on loss for the period attributable to owners of the Company from the discontinued operations of approximately HK\$8,332,000 (30 September 2012: loss for the period of HK\$7,573,000 as restated) and the denominators detailed above for both basic and diluted loss per share.

13. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group acquired equipment of approximately HK\$3,958,000 respectively (31 March 2013: HK\$10,360,000).

14. TRADE RECEIVABLES/OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

(a) Trade receivables

The Group allows the general credit period of ranges from 0 to 90 days to customers of publishing and retailing and wholesales segments. The following is the aged analysis of trade receivables net of allowance for doubtful debts presented based on invoice date at the end of reporting period, which approximated the respective revenue recognition dates.

	30 September 2013 HK\$'000 (unaudited)	31 March 2013 HK\$'000 (audited)
0 - 60 days	1,662	2,354
61 - 90 days	143	66
91 - 180 days	1,243	54
Over 180 days	2,334	3,646
	<u>5,382</u>	<u>6,120</u>

Trade receivables are interest-free and unsecured.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. TRADE RECEIVABLES/OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

(b) Other receivables, deposits and prepayments

	30 September 2013 HK\$'000 (unaudited)	31 March 2013 HK\$'000 (audited)
Other receivables	14,146	11,711
Deposits and prepayments	40,813	17,437
	54,959	29,148

15. TRADE PAYABLES/OTHER PAYABLES AND ACCRUED CHARGES

The following is an aged analysis of trade payables presented based on the invoice dates at the end of the reporting period.

	30 September 2013 HK\$'000 (unaudited)	31 March 2013 HK\$'000 (audited)
0 – 60 days	87	1,584
61 – 90 days	18	6
Over 90 days	637	790
	742	2,380

The average credit period on purchases of goods ranges from 30 to 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

Other payables and accrued charges mainly represent the payable balance of expenses and cost incurred to develop the online business.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 30 September 2012, 31 March 2013 and 30 September 2013	200,000,000	2,000,000
Issued and fully paid:		
At 30 September 2012	1,039,594	10,396
Issue of new share on exercise of warrants (note 17)	53,180	532
At 31 March 2013	1,092,774	10,928
Issue of new shares on exercise of warrants (note 17)	78,840	788
At 30 September 2013	1,171,614	11,716

17. WARRANTS

On 7 March 2011, the Company entered into a placing agreement with an independent placing agent in relation to the private placing of up to 137,850,000 warrants (the "2013 Warrants"), with subscription price of HK\$0.2, conferring rights to subscribe for up to 137,850,000 new ordinary shares of the Company at an exercise price of HK\$0.28 per share, to not less than 300 placees who are independent third parties, which are exercisable during the two years from 3 May 2011 to 2 May 2013, both days inclusive. The placing of the 2013 Warrants was completed on 29 April 2011 and was classified as equity instruments.

The proceeds from the placing of approximately HK\$26,552,000, net of expenses incurred on warrants issue amounting HK\$1,018,000, were used as general working capital of the Company.

For the six months ended 30 September 2013, registered holders of 78,840,000 shares (30 September 2012: 3,330,000 shares) units of the 2013 Warrants exercised their right to subscribe for 78,840,000 shares (30 September 2012: 3,330,000 shares) in the Company at exercise price of HK\$0.28 per share. As at 30 September 2013, 137,730,000 unit of the 2013 Warrants was exercised and 120,000 unit of the 2013 Warrants was expired.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. WARRANTS (Continued)

On 20 July 2012, the Company proposed to enter into a warrant subscription agreement in relation to the private placing of up to 76,790,000 warrants (the "2017 Warrants"), with subscription price of HK\$0.1, conferring rights to subscribe up to 76,790,000 new ordinary shares of the Company at an exercise price of HK\$1.20 per share, to not less than 6 warrant subscribers who are independent individual and/or corporate investor, which are exercisable during the 5 years period from 2 August 2012 to 1 August 2017, both days inclusive. The 2017 Warrants are classified as equity instruments. The placement is completed on 2 August 2012.

The net proceeds from the warrant subscription were used as general working capital of the Group. The net proceeds from the full exercise of 2017 Warrants of approximately HK\$92,148,000 will be applied as development and launching of the Group's "Ucan portal" – an online social platform being developed by the Group for gamers, animators, shoppers, developers, and music lovers to share their creative ideas to anyone worldwide.

18. COMMITMENTS

The Group had the following commitments at the reporting date:

	30 September 2013 HK\$'000 (unaudited)	31 March 2013 HK\$'000 (audited)
Other commitment in respect of business development – Contracted for but not provided in the condensed consolidated financial statements (Note)	8,518	2,986
Other commitment in respect of purchase of inventories – Contracted for but not provided in the condensed consolidated financial statements	7,600	–

The Company did not have any capital commitments as at 30 September 2013.

Note: Being commitment for the development of online social music gaming platform, "Ucan.com", and development of mobile game applications, which are expected to be launched within 12 months after the end of the reporting period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets that are measured at fair value on a recurring basis.

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation techniques and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market 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).

Financial assets/ financial (liabilities)	Fair value as at 30 September 2013	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs	Relationship of unobservable inputs to fair value
1) Listed equity securities classified as held for trading investment in the condensed consolidated statement of financial position	Assets - HK\$26,023,000	Level 1	Quoted bid prices in an active market	N/A	N/A

The Directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

20. RELATED PARTY TRANSACTIONS/BALANCES

Details of related party transactions/balances are as follows:

For the six months ended 30 September 2013 and 2012, the Group had transactions with the following related parties during the period:

Nature of transaction	Name of related company/person	Relationship with the Group	Six months ended 30 September	
			2013 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited)
Service fee paid	Q9 Technology Company Limited	Associate	120	120
Rental paid	Dizon Basilio	Spouse of a director	164	-
Interest income received	Ucan Mobile Limited	Associate	(44)	-

At 30 September 2013, amounts due from associates amounting HK\$128,000 (31 March 2013: HK\$41,000) and loan to an associate amounting HK\$31,063,000 (31 March 2013: HK\$24,823,000).

21. EVENTS AFTER THE END OF THE REPORTING PERIOD

- (a) Subsequent to 30 September 2013, all conditions precedent under the sale and purchase agreement had been fulfilled and the disposal of remaining 60% equity interest of Raise Beauty was completed on 22 October 2013. The disposal proceeds of RMB48 million (approximately equivalent to HK\$60,743,000) were settled in cash. Upon completion, Raise Beauty ceased to be a subsidiary of the Group and its operating results will not be consolidated into the Group's consolidated financial statements from the completion date.
- (b) On 25 October 2013, the Company granted 5,000,000 share options to Mr. Guan Huanfei, a director of a subsidiary of the Company, under the share option scheme adopted by the Company on 12 August 2013, at an exercise price of HK\$1.398 per share, and received payment of HK\$1.00 upon acceptance of share options by the grantee. The share options shall be valid during the period of 3 years from the date of grant to 24 October 2016. The management of the Group is in the process of estimating the fair value of these options at the grant date and has not yet finalised.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

21. EVENTS AFTER THE END OF THE REPORTING PERIOD (Continued)

- (c) On 5 November 2013, the Company granted 5,000,000 share options to Mr. Hui Chuen Kin Daniel, a consultant of a subsidiary of the Company, under the share option scheme adopted by the Company on 12 August 2013, at an exercise price of HK\$1.420 per share, and received payment of HK\$1.00 upon acceptance of share options by the grantee. The share options shall be valid during the period of 3 years from the date of grant to 4 November 2016. The management of the Group is in the process of estimating the fair value of these options at the grant date and has not yet finalised.
- (d) On 7 November 2013, the Group entered into a subscription agreement relating to subscription for 5,100 new shares, representing 51% of equity interest, of THE ONE Comics Publishing Limited ("THE ONE") at subscription price of HK\$3,213,000. THE ONE is principally engaged in the publishing and licensing businesses. The transaction has been completed on the same day.
- (e) On 11 November 2013, the Group entered into a conditional sales and purchase agreement ("the Agreement") with an independent individual 揭洋, also known as Jie Yang and Aaron Jie (the "Vendor"), to purchase 51% of the issued share capital of Tianhe Union Holding Group Limited ("Tianhe") at a consideration of HK\$78,336,000 and the Vendor will have the remaining 49% shareholding. Tianhe is principally engaged in a computer system known as "Max-Trip", which is an e-commerce platform for travel related products including plane tickets, hotels, tour reservations and car hire. Tianhe has 2,100 franchisees using the system for travel services, through a national service number granted by the Ministry of Industry and Information Technology of the PRC government.

In November 2013, the Group has paid HK\$5,000,000 to the Vendor and HK\$21,112,000 to the solicitor, which will be transferred to the Vendor on the completion date. The remaining consideration of HK\$52,224,000 would be paid by issuance and allotment of 37,300,000 shares as consideration upon completion. The transaction has not been completed up to the date these condensed consolidated financial statements were authorised for issuance.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

For the period ended 30 September 2013, the Group's overall revenue from external customers decreased by 27.3% to HK\$13,941,000 of which approximately HK\$4,857,000, HK\$nil, HK\$8,865,000 and HK\$219,000 (30 September 2012: HK\$10,167,000, HK\$60,000, HK\$8,881,000 and HK\$67,000) were attributable to our continuing business of publishing, Chinese information infrastructure and online social music gaming platform, retailing and wholesales and catering respectively.

The Group's consolidated net loss attributable to the owners of the Company decreased from HK\$65,665,000 or HK6.3 cents loss per share to HK\$61,722,000 or HK5.1 cents loss per share. This was mainly due to no impairment loss on available-for-sale financial assets, as well as a decrease in fair value changes in held-for-trading investment of approximately HK\$6,185,000. Going forward, we are very excited about our future. In months to come, we will be launching an interactive mobile comics and game publishing platform, Ucan, with Mr. Jay Chou as our Chinese culture ambassador. Overall, by focusing on core operations and capturing new opportunities in the market place, our Group is optimistic of its future.

Also, as of 30 September 2013, the Group's net asset value was HK\$489,129,000 and net asset value per weighted average number of 1,158,448,000 shares of the Company was approximately HK\$0.42 (31 March 2013: HK\$0.50).

WARRANTS

On 7 March 2011, the Company entered into a placing agreement with an independent placing agent in relation to the private placing of up to 137,850,000 warrants (the "2013 Warrants") with subscription price of HK0.2 cents, conferring rights to subscribe for up to 137,850,000 new ordinary shares of the Company at an exercise price of HK\$0.28 per share, to not less than 300 placees who are independent third parties, which are exercisable during the two years from 3 May 2011 to 2 May 2013, both days inclusive. The placing of the 2013 Warrants was completed on 29 April 2011 and was classified as equity instruments.

The proceeds from the placing of approximately HK\$26,552,000, net of expenses incurred on warrants issue amounting HK\$1,018,000, were used as general working capital of the Company.

For the six months ended 30 September 2013, registered holders of 78,840,000 shares (30 September 2012: 3,330,000 shares) units of the 2013 Warrants exercised their rights to subscribe for 78,840,000 shares (30 September 2012: 3,330,000 shares) in the Company at exercise price of HK\$0.28 per share. As at 20 September 2013, 137,730,000 unit of the 2013 Warrants was exercised and 120,000 unit of the 2013 Warrants was expired.

MANAGEMENT DISCUSSION AND ANALYSIS

On 20 July 2012, the Company proposed to enter into a warrant subscription agreement in relation to the private placing of up to 76,790,000 warrants by the warrant subscribers, at the warrant issue price of HK\$0.10 per warrant. The net proceeds from the warrant subscription of approximately HK\$7,492,000 were used as the general working capital of the Group.

The non-listed warrants were issued by the Company at the warrant issue price to subscribe for an aggregate of HK\$92,148,000 in shares, each entitles the holder thereof to exercise the right to subscribe for one new share at the warrant subscription price of HK\$1.20 (subject to adjustment) at any time during a period of five (5) years commencing from the date of issue of warrants. The placing of the warrant subscription was completed on 2 August 2012. During the period, no non-listed warrants subscriber exercised their rights to subscribe share.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2013, the Group had bank and deposits with financial institutions balance in aggregate of approximately HK\$215,573,000 and held for trading investment of HK\$26,023,000. The Group has no significant exposure to foreign exchanges rate fluctuation.

As of 30 September 2013, the Group had a net current assets position of approximately HK\$422,793,000 (31 March 2013: HK\$473,726,000) and a current ratio of 10.5 (31 March 2013: 9.0). The Group's total liabilities as of 30 September 2013 amounted to approximately HK\$44,702,000 (31 March 2013: HK\$59,065,000) and represented approximately 9.8% (31 March 2013: 12.1%) to equity attributable to owners of the Company.

Upon consideration of the above, the Directors have no doubt that the Group will have sufficient liquidity to finance its daily operations, as reflected by its healthy financial status with a wealth of cash flow and other resources. As always, the Group will continue to follow prudent and disciplined cash management practices on any excess liquidity.

EMPLOYMENT AND REMUNERATION POLICIES

As of 30 September 2013, the Group had a total of 159 employees of which 67 are based in Hong Kong, 22 in Macau and 70 in PRC. Total staff costs incurred during the period amounted to approximately HK\$13,535,000 (30 September 2012: HK\$9,696,000). Remuneration packages are maintained at competitive levels and reviewed by the management on a periodical basis. Discretionary bonuses and incentive share options are awarded to certain directors and employees according to the assessment of individual merit and performance.

INTERIM DIVIDEND

The Board of the Company has resolved not to declare an interim dividend for the six months ended 30 September 2013 (2012: nil).

REPURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor its subsidiaries have purchased, sold and redeemed any of the listed securities in the Company during the six months ended 30 September 2013.

SHARE OPTION SCHEMES

The Company has terminated its share option scheme adopted on 21 August 2002 (the "2002 Scheme") and adopted a new share option scheme (the "2013 Scheme") on its 2013 Annual General Meeting held on 12 August 2013.

Subsequent to the termination of the 2002 Scheme, no further share options can be granted thereunder but in all other respects, the provisions of the 2002 Scheme shall remain in force and all share options granted prior to such termination shall continue to be valid and exercisable in accordance therewith.

The number of shares available for issue under the 2002 Scheme and 2013 Scheme as at the date of the Interim Report is 158,681,050 and 10,000,000 respectively, totalling 168,681,505 shares which in aggregate representing approximately 14.40% of the issued share capital of the Company as of that date.

Details of the movement of the share options granted to the Directors and employees of the Company under the 2002 Scheme and 2013 Scheme during the six months ended 30 September 2013 are as follows:

	Date of grant	At 1 April 2013	Number of share options				At 30 September 2013	Exercise price	Exercise period	
			Transfer from other category during the period	Transfer to other category during the period	Lapsed during the period	Granted/ Exercised/ Cancelled during the period				
HK\$										
(a) Directors										
Ms. Chow Lai Wah Livia	(i)	7 July 2006	548,500	-	-	-	-	548,500	0.92	7 July 2006 to 6 July 2016
	(ii)	29 June 2007	4,388,000 (Note 2)	-	-	-	-	4,388,000	2.16	29 June 2007 to 28 June 2017
Mr. Kwan Kin Chung	(i)	7 July 2006	877,600	-	-	-	-	877,600	0.92	7 July 2006 to 6 July 2016
	(ii)	29 June 2007	109,700	-	-	-	-	109,700	2.16	29 June 2007 to 28 June 2017
	(iii)	6 November 2007	877,600	-	-	-	-	877,600	1.42	6 November 2007 to 5 November 2017

SHARE OPTION SCHEMES

		Date of grant	Number of share options					At 30 September 2013	Exercise price	Exercise period
			At 1 April 2013	Transfer from other category during the period	Transfer to other category during the period	Lapsed during the period	Granted/ Exercised/ Cancelled during the period			
								HK\$		
Mr. Tang U Fai	(i)	19 December 2003	109,700	-	-	-	-	109,700	2.42	19 December 2003 to 18 December 2013
	(ii)	24 March 2005	1,755,200	-	-	-	-	1,755,200	2.69	24 March 2005 to 23 March 2015
	(iii)	7 July 2006	109,700	-	-	-	-	109,700	0.92	7 July 2006 to 6 July 2016
Mr. Tang Kwing Chuen Kenneth		7 July 2006	54,850	-	-	-	-	54,850	0.92	7 July 2006 to 6 July 2016
Mr. Chen Man Lung	(i)	24 March 2005	1,426,100	-	-	-	-	1,426,100	2.69	24 March 2005 to 23 March 2015
	(ii)	7 July 2006	713,050	-	-	-	-	713,050	0.92	7 July 2006 to 6 July 2016
	(iii)	29 June 2007	1,206,700	-	-	-	-	1,206,700	2.16	29 June 2007 to 28 June 2017
	(iv)	6 November 2007	1,645,500	-	-	-	-	1,645,500	1.42	6 November 2007 to 5 November 2017
Mr. Wan Xiaolin		19 December 2003	329,100	-	-	-	-	329,100	2.42	19 December 2003 to 18 December 2013
(b) Employees	(i)	19 December 2003	3,554,280	-	-	-	-	3,554,280	2.42	19 December 2003 to 18 December 2013
	(ii)	24 March 2005	4,388,000	-	-	-	-	4,388,000	2.69	24 March 2005 to 23 March 2015
	(iii)	7 July 2006	329,100	-	-	-	-	329,100	0.92	7 July 2006 to 6 July 2016
	(iv)	29 June 2007	10,476,350	-	-	-	-	10,476,350	2.16	29 June 2007 to 28 June 2017
	(v)	6 November 2007	12,286,400	-	-	-	-	12,286,400	1.42	6 November 2007 to 5 November 2017
	(vi)	25 October 2013 (Note 3)	-	-	-	-	5,000,000	5,000,000	1.398	25 October 2013 to 24 October 2016

SHARE OPTION SCHEMES

		Date of grant	Number of share options					At 30 September 2013	Exercise price	Exercise period
			At 1 April 2013	Transfer from other category during the period	Transfer to other category during the period	Lapsed during the period	Granted/ Exercised/ Cancelled during the period			
								HK\$		
(c) Others	(i)	19 December 2003	2,490,190	-	-	-	-	2,490,190	2.42	19 December 2003 to 18 December 2013
	(ii)	24 March 2005	21,994,850	-	-	-	-	21,994,850	2.69	24 March 2005 to 23 March 2015
	(iii)	3 October 2005	3,291,000	-	-	-	-	3,291,000	1.93	3 October 2005 to 2 October 2015
	(iv)	7 July 2006	12,275,430	-	-	-	-	12,275,430	0.92	7 July 2006 to 6 July 2016
	(v)	29 June 2007	27,699,250	-	-	-	-	27,699,250	2.16	29 June 2007 to 28 June 2017
	(vi)	6 November 2007	45,744,900	-	-	-	-	45,744,900	1.42	6 November 2007 to 5 November 2017
	(vii)	5 November 2013 (Note 3)	-	-	-	-	5,000,000	5,000,000	1.42	5 November 2013 to 4 November 2016

Note:

- The options exercise period is commenced from the date of grant for ten years, except those in Note 3. The options may be exercised at any time with the option period provided that the options have been vested. As at 30 September 2013, all options have been vested.
- Mr. Dizon Basilio ("Mr. Dizon") has been granted 4,388,000 share options under the 2002 Scheme of the Company. Pursuant to the SFO, Ms. Chow Lai Wah Livia, the spouse of Mr. Dizon, is deemed to be interested in the share options granted to Mr. Dizon.
- The options exercise period is commenced from the date of grant for three years. The options may be exercised at any time with the option period provided that the options have been vested. As at 30 September 2013, all options have been vested.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than the share option holdings disclosed above, at no time during the period was the Company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DISCLOSURE OF INTERESTS

(A) INTERESTS OF THE DIRECTORS

As at 30 September 2013, the interests and short positions of each Director and chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which are required (a) to be notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he/she is taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange:

Interests in the shares of the Company

Name of Director	Capacity	Nature of interest	Number of shares held	Approximate percentage of issued share capital
Ms. Chow Lai Wah Livia	(i)	Beneficial owner	32,962,800	26.44%
	(ii)	Interests of a controlled corporation	95,343,600 (Note 1)	
	(iii)	Interests of spouse	181,513,712 (Note 2)	
Mr. Tang Kwing Chuen Kenneth	Beneficial owner	Personal interest	135,000	0.01%
Mr. Wan Xiaolin	Beneficial owner	Personal interest	50,000	N/A
Mr. Chen Man Lung	Beneficial owner	Personal interest	200	N/A

Notes:

- Ms. Chow Lai Wah Livia ("Ms. Chow") has controlling interests in L&W Holding Limited ("L&W"). L&W is beneficially interested in 95,343,600 shares in the Company. Therefore, Ms. Chow is deemed to be interested in 95,343,600 shares in the Company under the SFO.
- Harvest Smart Overseas Limited ("Harvest Smart") is beneficially interested in 173,718,712 shares. Therefore, Ms. Chow is deemed to be interested in 173,718,712 shares in the Company under the SFO.

Mr. Dizon Basilio ("Mr. Dizon"), the spouse of Ms. Chow, is beneficially interested in 7,795,000 shares, and Mr. Dizon has controlling interests 100% in Harvest Smart. Therefore, Ms. Chow is deemed to be interested in 181,513,712 shares in the Company under the SFO.

All interests stated above represent long positions.

DISCLOSURE OF INTERESTS

(A) INTERESTS OF THE DIRECTORS (Continued)

Interests in shares of associated corporation of the Company

Name of associated corporation	Name of Director	Capacity	Nature of interest	Number of shares held	% of total issued share capital of the associated corporation
China Bio Cassava Holdings Limited	Mr. Kwan Kin Chung	Beneficial owner	Personal interest	5,250,000 (Note 1)	0.21%
	Mr. Chung Billy	Beneficial owner	Personal interest	800,000 (Note 2)	0.03%
	Mr. Wan Xiaolin	Beneficial owner	Personal interest	3,250,000 (Note 3)	0.13%
	Mr. Tang U Fai	Beneficial owner	Personal interest	1,000,000 (Note 4)	0.04%
	Mr. Tsang Wai Wa	Beneficial owner	Personal interest	876,355 (Note 5)	0.04%

Notes:

1. Mr. Kwan Kin Chung is beneficially interested in 5,250,000 share options in China Bio Cassava Holdings Limited.
2. Mr. Chung Billy is beneficially interested in 300,000 ordinary shares and 500,000 share options in China Bio Cassava Holdings Limited.
3. Mr. Wan Xiaolin is beneficially interested in 3,250,000 share options in China Bio Cassava Holdings Limited.
4. Mr. Tang U Fai is beneficially interested in 1,000,000 share options in China Bio Cassava Holdings Limited.
5. Mr. Tsang Wai Wa is beneficially interested in 626,355 ordinary shares and 250,000 share options in China Bio Cassava Holdings Limited.

All interests stated above represent long positions.

DISCLOSURE OF INTERESTS

(A) INTERESTS OF THE DIRECTORS (Continued)

Interests in share options of the Company

Name of Director	Capacity	Nature of interest	Number of share options	Exercise price per share	Exercisable period	Approximate percentage of issued share capital	
				HK\$			
Ms. Chow Lai Wah Livia	(i)	Beneficial owner	Personal interest	548,500	0.92	7 July 2006 to 6 July 2016	0.42%
	(ii)	Interests of spouse	Family interest	4,388,000 (Note 1)	2.16	29 June 2007 to 28 June 2017	
Mr. Kwan Kin Chung	(i)	Beneficial owner	Personal interest	877,600	0.92	7 July 2006 to 6 July 2016	0.16%
	(ii)	Beneficial owner	Personal interest	109,700	2.16	29 June 2007 to 28 June 2017	
	(iii)	Beneficial owner	Personal interest	877,600	1.42	6 November 2007 to 5 November 2017	
Mr. Tang U Fai	(i)	Beneficial owner	Personal interest	109,700	2.42	19 December 2003 to 18 December 2013	0.17%
	(ii)	Beneficial owner	Personal interest	1,755,200	2.69	24 March 2005 to 23 March 2015	
	(iii)	Beneficial owner	Personal interest	109,700	0.92	7 July 2006 to 6 July 2016	
Mr. Tang Kwing Chuen Kenneth	Beneficial owner	Personal interest	54,850	0.92	7 July 2006 to 6 July 2016	N/A	

DISCLOSURE OF INTERESTS

(A) INTERESTS OF THE DIRECTORS (Continued)

Interests in share options of the Company (Continued)

Name of Director	Capacity	Nature of interest	Number of share options	Exercise price per share	Exercisable period	Approximate percentage of issued share capital
				HK\$		
Mr. Chen Man Lung	(i) Beneficial owner	Personal interest	1,426,100	2.69	24 March 2005 to 23 March 2015	0.43%
	(ii) Beneficial owner	Personal interest	713,050	0.92	7 July 2006 to 6 July 2016	
	(iii) Beneficial owner	Personal interest	1,206,700	2.16	29 June 2007 to 28 June 2017	
	(iv) Beneficial owner	Personal interest	1,645,500	1.42	6 November 2007 to 5 November 2017	
Mr. Wan Xiaolin	Beneficial owner	Personal interest	329,100	2.42	19 December 2003 to 18 December 2013	0.03%

Notes:

- Mr. Dizon Basilio ("Mr. Dizon") has been granted 4,388,000 share options under the 2002 Scheme of the Company. Pursuant to the SFO, Ms. Chow, the spouse of Mr. Dizon, is deemed to be interested in the share options granted to Mr. Dizon.
- The options exercise period is commenced from the date of grant for ten years. The option may be exercised at any time with the option period provided that the options have been vested. As at 30 September 2013, all options have been vested.

All interests stated above represent long positions.

Save as disclosed above, as at 30 September 2013, none of the Directors nor chief executive of the Company had interests or short positions in any securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required (a) 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 he/she is taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange.

DISCLOSURE OF INTERESTS

(B) INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 30 September 2013, so far as is known to any Director or chief executive of the Company, the following person had an interest or short position in the shares or underlying shares 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 which were recorded in the register to be kept by the Company under Section 336 of the SFO:

Interests in the shares and underlying shares of the Company

Name	Capacity	Number of shares held	Number of underlying shares held	Approximate percentage of issued share capital
L&W Holding Limited	Beneficial owner (<i>Note 1</i>)	95,343,600	-	8.14%
Harvest Smart Overseas Limited	Beneficial owner and interests in controlled corporation (<i>Note 1</i>)	173,718,712	-	14.83%
Mr. Dizon Basilio	Beneficial owner, interests in controlled corporation and interests of spouse (<i>Note 1</i>)	309,820,112	4,936,500	26.87%
Ms. Chow Lai Wah Livia	Beneficial owner, interests in controlled corporation and interests of spouse (<i>Note 2</i>)	309,820,112	4,936,500	26.87%

Notes:

1. Mr. Dizon Basilio ("Mr. Dizon") is beneficially interests in 7,795,000 shares and 4,388,000 share options in the Company. Mr. Dizon also has controlling interests 65% and 100% in L&W Holding Limited ("L&W") and Harvest Smart Overseas Limited ("Harvest Smart") respectively. Ms. Chow Lai Wah Livia ("Ms. Chow"), the spouse of Mr. Dizon and the Director of the Company, is beneficially interested in 32,962,800 shares in the Company, therefore, Mr. Dizon is deemed to be interested in 309,820,112 shares in the Company under the SFO.
2. Ms. Chow Lai Wah Livia ("Ms. Chow") is beneficially interested in 32,962,800 shares and 548,500 share options in the Company. She is the spouse of Mr. Dizon and has controlling interests in L&W and Harvest Smart. Accordingly, Ms. Chow is deemed to be interested in 309,820,112 shares in the Company under the SFO.

All interests stated above represent long positions.

DISCLOSURE OF INTERESTS

(B) INTERESTS OF SUBSTANTIAL SHAREHOLDERS (Continued)

Interests in the shares and underlying shares of the Company (Continued)

Save as disclosed above, as at 30 September 2013, the Directors and the chief executive of the Company were not aware of any person who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register to be kept by the Company under Section 336 of the SFO.

DIRECTORS' INTERESTS IN CONTRACTS AND CONNECTED TRANSACTION

During the period, the Company had carried on a continuing connected transaction, the details of the transactions are disclosed below.

On 29 June 2010, the Group entered into a licensing agreement (the "Licensing Agreement") with Mutual Work Media Investment Fund Limited ("Mutual Work"), of which Mr. Chen Man Lung, an executive Director of the Company, is holding 100% of the interest of Mutual Work. Pursuant to the Licensing Agreement, the Group granted a 3-years right to Mutual Work for the production of movies from 29 June 2010. Details of the transaction were set out in the announcement of the Company dated 29 June 2010, which the right expired on 28 June 2013. The annual cap of the Licensing Agreement is based on the royalty payment and the share of bonus on the global box office result. No royalty income was received during the period.

Saved as disclosed above, no other contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of or at any time during the period.

AUDIT COMMITTEE

The audit committee of the Company, with written terms of reference in line with the code provisions set out in the Code on Corporate Governance Practices (the "Code") as stipulated in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"), currently comprises three independent non-executive Directors, namely Mr. Tsang Wai Wa, Mr. Joseph Lee Chennault and Mr. Lai Qiang. The audit committee of the Company has reviewed with the management the accounting principles and practices adopted by the Group and discussed the internal control and financial reporting matters including the review of the unaudited interim results for the six months ended 30 September 2013.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the Code as set out in Appendix 14 to the Listing Rules during the six months ended 30 September 2013 except for the following deviations:

CODE PROVISION A.4.1

Under the code provision A.4.1, non-executive directors should be appointed for a specific term, subject to re-election. The current independent non-executive Directors of the Company are not appointed for a specific term. However, all Directors (including executive and non-executive) of the Company are subject to retirement by rotation at the annual general meeting in accordance with Bye-Law 110(A) and 190(v) of the Bye-Laws of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Code.

CODE PROVISION E.1.2

Under the code provision E.1.2, the chairman of the board should attend the annual general meeting. The Chairman of the Board, Mr. Chu Bong Foo was unable to attend the annual general meeting of the Company held on 12 August 2013 as he was on business trip for other important business engagement. However, an Executive Director, present at the annual general meeting who then took the chair of that meeting in accordance with the Bye-Laws of the Company.

MODEL CODE OF SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the “Model Code for Securities Transactions by Directors of Listed Issuers” as set out in Appendix 10 to the Listing Rules as its own code for dealing in securities of the Company by the Directors (the “Model Code”). Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard as set out in the Model Code during the six months ended 30 September 2013.

By Order of the Board
CULTURECOM HOLDINGS LIMITED
Chu Bong Foo
Chairman

Hong Kong, 27 November 2013