CULTURECOM HOLDINGS LIMITED

文化傳信集團有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 343)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

INTERIM RESULTS

The board of directors (the "Board") of Culturecom Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 September 2013 together with the comparative figures for the corresponding period of 2012 are as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

		Six months ended 30 September	
		2013	2012
	Notes	***HK$'000***	*HK$'000*
		(unaudited)	(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)

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)
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)
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)
		(59,182)	(65,665)
Non-controlling interests			
– Loss for the period from continuing operations		**(1,444)**	–
– Loss for the period from discontinued operations		**(1,096)**	–
		(2,540)	–
		(61,722)	(65,665)
Total comprehensive expense for the period attributable to:			
Owners of the Company		**(58,203)**	(63,969)
Non-controlling interests		**(2,395)**	–
		(60,598)	(63,969)
Loss per share	11		
From continuing and discontinued operations			
Basic (HK cents)		**(5.1)**	(6.3)
Diluted (HK cents)		**(5.1)**	(6.3)
From continuing operations			
Basic (HK cents)		**(4.4)**	(5.6)
Diluted (HK cents)		**(4.4)**	(5.6)

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		**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	12	**5,382**	6,120
Other receivables, deposits and prepayments	12	**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
Current liabilities			
Trade payables	13	**742**	2,380
Other payables and accrued charges	13	**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		**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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

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

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. 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.

2. PRINCIPAL ACCOUNTING POLICIES (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.

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	2012
	HK$'000	*HK$'000*
	(unaudited)	(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	2012
	HK$'000	*HK$'000*
	(unaudited)	(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

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.

5. SEGMENT INFORMATION (CONTINUED)

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.

Segment revenue and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable and operating segments.

5. SEGMENT INFORMATION (CONTINUED)

For the period ended 30 September 2013 (unaudited)

Continuing operations

	Publishing	**Chinese information infrastructure and online social music gaming platform**	**Retailing and wholesales**	**Catering**	**Elimination**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Revenue						
External sales	**4,857**	**–**	**8,865**	**219**	**–**	**13,941**
Inter-segment sales	**68**	**–**	**33**	**–**	**(101)**	**–**
	4,925	**–**	**8,898**	**219**	**(101)**	**13,941**
Segment results	**650**	**(37,768)**	**2,581**	**(1,917)**	**–**	**(36,454)**
Unallocated expenses						**(16,666)**
Unallocated incomes						**868**
Finance costs						**(2)**
Loss before tax from continuing operations						**(52,254)**

For the period ended 30 September 2012 (unaudited)

Continuing operations

	Publishing	Chinese information infrastructure and online social music gaming platform	Retailing and wholesales	Catering	Elimination	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* (Restated)
Revenue						
External sales	10,167	60	8,881	67	–	19,175
Inter-segment sales	–	20	–	–	(20)	–
	10,167	80	8,881	67	(20)	19,175
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						(57,808)

5. SEGMENT INFORMATION (CONTINUED)

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.

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	2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Continuing operations		
Interest charges on finance leases	**2**	4

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.

8. INCOME TAX EXPENSE (CONTINUED)

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

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 15.

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.

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	2012
	HK$'000	*HK$'000*
	(unaudited)	(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)**	–
Loss before tax	**(10,538)**	(9,025)
Income tax credit	**1,110**	1,452
Loss for the period from discontinued operations	**(9,428)**	(7,573)
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)**	–
	(9,428)	(7,573)

9. DISCONTINUED OPERATIONS (CONTINUED)

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

	Six months ended 30 September	
	2013	2012
	HK$'000	*HK$'000*
	(unaudited)	(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

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

	Six months ended 30 September	
	2013	2012
	HK$'000	*HK$'000*
	(unaudited)	(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
Net cash outflows	**(742)**	(621)

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	31 March 2013
	HK$'000	*HK$'000*
	(unaudited)	(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
Total assets classified as held for sale	**123,555**	130,554
Trade payables	**(2,961)**	(3,182)
Other payables and accrued charges	**(4,175)**	(5,041)
Deferred tax liability	**(16,292)**	(17,402)
Total liabilities associated with assets classified as held for sale	**(23,428)**	(25,625)

9. **DISCONTINUED OPERATIONS (CONTINUED)**

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	31 March 2013
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 – 60 days	**295**	2,845
61 – 90 days	**–**	7,300
91 – 180 days	**219**	–
Over 180 days	**20,638**	10,493
	21,152	20,638

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

	30 September 2013	31 March 2013
	HK$'000	HK$'000
	(unaudited)	(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	2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited) (restated)
Continuing operations		
Staff costs, including directors' emoluments	**13,535**	9,696
Depreciation of property, plant and equipment	**949**	705

11. 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	2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Loss for the period attributable to owners of the Company for the purposes of basic and diluted loss per share	**(59,182)**	(65,665)

	2013	2012
Number of shares	***'000***	*'000*
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**1,158,448**	1,037,697

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

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.

11. LOSS PER SHARE (CONTINUED)

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.

12. 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	31 March 2013
	HK$'000	*HK$'000*
	(unaudited)	(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
	5,382	6,120

Trade receivables are interest-free and unsecured.

(b) Other receivables, deposits and prepayments

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

13. 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.

14. 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.

15. 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.

15. 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 30 September 2013, 137,730,000 unit of the 2013 Warrant was exercised and 120,000 unit of the 2013 Warrants was expired.

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.

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 for the 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 mobile devices, Ucan is uniquely positioned to offer a one-of-a-kind experience not easily found elsewhere.

The global game market is a highly competitive industry and in order to stay ahead of the competition, our Group has successfully migrated to mobile game and comics development, with in-house research and 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 and 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 in place 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 along with this Generating Engine 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 the 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.

PROSPECTS

Looking forward, our Group is excited about its future projects, and optimistic of its upcoming journey. We will take proactive business development strategy to partner with online and offline merchants. Our Group will introduce more games and comics to Ucan to increase sales, while optimizing the game publishing platform for better experience, as well as leveraging on our position in publishing and multi-media to further strengthen our brand recognition in the international arena. Besides Ucan, our 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.

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.

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.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT

This interim results announcement is published on the website of the Stock Exchange at www.hkex.com.hk and on the website of the Company at www.culturecom.com.hk. The interim report will be despatched to the shareholders of the Company and will be published on the above websites in due course.

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

Hong Kong, 27 November 2013

At as the date of this announcement, the Board comprises of Ms. Chow Lai Wah Livia (being Vice Chairman and executive Director); Mr. Kwan Kin Chung, Mr. Chung Billy, Mr. Wan Xiaolin, Mr. Tang U Fai, Mr. Tang Kwing Chuen Kenneth and Mr. Chen Man Lung (all being executive Directors); Mr. Chu Bong Foo (being the Chairman and non-executive Director); Mr. Tsang Wai Wa, Mr. Joseph Lee Chennault, Mr. Lai Qiang and Ms. Ng Ying (all being independent non-executive Directors).

* *for information purposes only*