CULTURECOM HOLDINGS LIMITED

文化傳信集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 343)

(Warrant Code: 824)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2012

RESULTS

The Board of Directors (the "Directors") of Culturecom Holdings Limited (the "Company") are pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2012 together with the comparative figures for the corresponding year of 2011 are as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2012

	Notes	**2012** *HK$'000*	2011 *HK$'000*
Continuing operations:			
Revenue	3	**33,960**	38,333
Cost of sales		**(19,777)**	(21,603)
Gross profit		**14,183**	16,730
Other income		**10,018**	2,449
Administrative expenses		**(77,545)**	(62,394)
Decrease in fair value of financial assets at fair value through profit or loss		**(41,330)**	(10,781)
Share of losses of associates		**(7,221)**	(1,496)
Impairment of goodwill		**(12)**	(2,617)
Impairment of available-for-sale financial assets		**(5,000)**	–
Impairment of intangible assets		**–**	(22,825)
Finance costs	5	**(9)**	(79)
Loss before income tax	6	**(106,916)**	(81,013)
Income tax credit	7	**2,890**	8,937
Loss after income tax from continuing operations		**(104,026)**	(72,076)
Discontinued operations:			
Profit for the year	8	**54,096**	78,406
(Loss)/Profit for the year		**(49,930)**	6,330

	Notes	**2012**	2011
		HK$'000	*HK$'000*
Other comprehensive income			
Exchange gain on translation of financial statements of foreign operations		**3,735**	8,990
Other comprehensive income for the year		**3,735**	8,990
Total comprehensive (loss)/income for the year		**(46,195)**	15,320
(Loss)/Profit for the year attributable to:			
Owners of the Company		**(49,107)**	9,006
Non-controlling interests		**(823)**	(2,676)
		(49,930)	6,330
Total comprehensive (loss)/income attributable to:			
Owners of the Company		**(45,372)**	17,996
Non-controlling interests		**(823)**	(2,676)
		(46,195)	15,320
(Loss)/Earnings per share attributable to the owners of the Company during the year			
From continuing and discontinued operations			
Basic	9	**(HK4.7 cents)**	HK1.1 cents
Diluted		**N/A**	N/A
From continuing operations			
Basic		**(HK10.0 cents)**	(HK8.6 cents)
Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As At 31 March 2012

	Notes	2012 HK$'000	2011 HK$'000
Non-current assets			
Property, plant and equipment		**68,043**	73,324
Investment properties		**–**	–
Long-term deposits		**2,441**	2,375
Interests in associates		**15,004**	22,222
Goodwill		**–**	–
Intangible assets		**130,257**	138,385
Available-for-sale financial assets		**15,000**	20,000
		230,745	256,306
Current assets			
Inventories		**35,027**	2,852
Trade receivables	10	**23,376**	21,020
Other receivables, deposits and prepayments		**47,237**	20,431
Amounts due from associates		**67**	52
Tax recoverables		**5**	53
Financial assets at fair value through profit or loss		**50,911**	62,071
Bank balances and deposits with financial institutions		**434,531**	258,176
		591,154	364,655
Assets classified as held for sale	11	**–**	226,549
		591,154	591,204
Current liabilities			
Trade payables	12	**5,371**	6,737
Other payables and accrued charges		**24,659**	26,593
Amounts due to fellow subsidiaries of an associate		**675**	675
Amounts due to associates		**–**	1,144
Obligations under finance leases – due within one year		**43**	43
Tax payables		**2,785**	733
		33,533	35,925
Liabilities associated with assets classified as held for sale	11	**–**	970
		33,533	36,895
Net current assets		**557,621**	554,309
Total assets less current liabilities		**788,366**	810,615

	2012	2011
	HK$'000	*HK$'000*
EQUITY		
Equity attributable to owners of the Company		
Share capital	**10,396**	10,339
Reserves	**748,540**	767,988
	758,936	778,327
Non-controlling interests	**–**	823
Total equity	**758,936**	779,150
Non-current liabilities		
Obligations under finance leases		
– due after one year	**7**	50
Deferred tax liabilities	**29,423**	31,415
	29,430	31,465
	788,366	810,615

1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standard ("HKASs") and Interpretations issued by Hong Kong Institute of Certified Public Accountants ("HKICPA"). The financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The financial statements have been prepared under historical cost convention except for investment properties including in assets classified as held for sale and financial assets at fair value through profit or loss which are stated at fair values.

Discontinued operations

On 27 January 2011, the Group entered into a provisional agreement for sale and purchase (the "Provisional Agreement") with an independent third party in relation to the disposal of all its investment property, the whole block of Culturecom Centre, located at 47 Hung To Road, Kwun Tong, Kowloon (the "Disposal Property") for a consideration of HK$286,000,000 (the "Disposal"). It was resolved at the special general meeting held on 21 March 2011 and such transaction was completed on 23 September 2011.

As the Disposal Property constitutes the core part of the Group's property investment business, in accordance with HKFRS 5, the Group has reclassified:

(1) The fair value of the Disposal Property as at 31 March 2011 separately as the non-current assets held for sale;

(2) The liabilities related to the Disposal, such as rental deposits received from the tenants, as at 31 March 2011 separately as the liabilities associated with assets classified as held for sale; and

(3) Rental income and the related expenses associated with the Disposal Property for the years ended 31 March 2012 and 2011 as a discontinued operation in the Group's consolidated statement of comprehensive income.

2. CHANGE OF ACCOUNTING POLICIES AND ADOPTION OF NEW OR REVISED HKFRSs

(a) Adoption of new/revised HKFRSs – effective 1 April 2011

In the current year, the Group has applied, for the first time the following new standards, amendments and interpretations (the "new HKFRSs") issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 April 2011:

Amendments to HKFRSs	Improvements to HKFRSs issued in 2010
HKAS 24 (as revised in 2009)	Related party disclosures
Amendments to HK(IFRIC) – INT 14	Prepayments of a minimum funding requirement
HK(IFRIC) – INT 19	Extinguishing financial liabilities with equity instruments

The adoption of such amendments and interpretation to existing standards did not have any significant effect on results or financial position of the Group for the current year.

(b) New/revised HKFRSs that have been issued but are not yet effective

At the date of authorisation of these financial results, the following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

Amendments to HKFRSs	Annual improvements to HKFRSs 2009-2011 cycle[2]
Amendments to HKFRS 7	Disclosures – Transfers of financial assets[1]
	Disclosures – Offsetting financial assets and financial liabilities[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory effective date of HKFRS 9 and transition disclosures[3]
HKFRS 9	Financial instruments[3]
HKFRS 10	Consolidated financial statements[2]
HKFRS 11	Joint arrangements[2]
HKFRS 12	Disclosure of interests in other entities[2]
HKFRS 13	Fair value measurement[2]
Amendments to HKAS 1	Presentation of items of other comprehensive income[5]
Amendments to HKAS 12	Deferred tax — Recovery of underlying assets[4]
HKAS 19 (as revised in 2011)	Employee benefits[2]
HKAS 27 (as revised in 2011)	Separate financial statements[2]
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures[2]
Amendments to HKAS 32	Offsetting financial assets and financial liabilities[6]
HK(IFRIC) – INT 20	Stripping costs in the production phase of a surface mine[2]

1 Effective for annual periods beginning on or after 1 July 2011.
2 Effective for annual periods beginning on or after 1 January 2013.
3 Effective for annual periods beginning on or after 1 January 2015.
4 Effective for annual periods beginning on or after 1 January 2012.
5 Effective for annual periods beginning on or after 1 July 2012.
6 Effective for annual periods beginning on or after 1 January 2014.

The Group did not early adopt any of these new or revised HKASs and HKFRSs, amendments and interpretation to existing HKASs and HKFRSs. Management is currently assessing the financial impact of these revisions to the Group's financial position and performance.

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 allowance, exploration and production services income and is analysed as follows:

	2012	2011
	HK$'000	*HK$'000*
Revenue on continuing operations		
Sales of goods	**29,061**	31,501
Exploration and production services income	**4,899**	6,832
	33,960	38,333

4. SEGMENT INFORMATION

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major product and service lines.

The Group has identified the following reportable segments:

– Publishing: Publication of comic books and royalty income from licensing comic books

– Crude oil exploration services: Crude oil exploration services in the People's Republic of China (the "PRC")

– Chinese information infrastructure and online social music gaming platform: Provision of server management, data warehousing services and development of online social music gaming platform

– Electronic card service: Electronic card payment services in convenience stores, supermarkets, fast-food restaurants, hotel, online shopping and other point-of-sale applications such as service stations and vending machines

– Retailing and wholesales: Retailing of clothes, cosmetics and ladies accessories in Hong Kong and Macau and wholesales of insulation materials in Japan

– Property investments (which were discontinued during the year)

Information about other business activities and operating segments that are not reportable are combined and disclosed in "Others". Others included catering services in Macau.

Each of these operating segments is managed separately as each of the product and service lines requires different resources as well as marketing approaches. All inter-segment transfers are carried out at arms' length prices.

The measurement policies of the Group uses for reporting segment results under HKFRS 8 are the same as those used in its financial statements prepared under HKFRSs, except for fair value change in financial assets at fair value through profit or loss, impairment of available-for-sale financial assets, share of results of associates, finance costs, income tax and corporate income and expenses which are not directly attributable to the business activities of any operating segment are not included in arriving at the operating results of the operating segment.

Segment assets consist primarily of intangible assets, property, plant and equipment, inventories, receivables and operating cash, and mainly exclude interests in associates, available-for-sale financial assets, financial assets at fair value through profit or loss, assets of discontinued operations and amounts due from associates. In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment, which primarily applies to the Group's headquarter.

Segment liabilities exclude amounts due to fellow subsidiaries of an associate, amounts due to associates and liabilities of discontinued operations as well as corporate liabilities, which are not directly attributable to the business activities of any operating segment and are not allocated to a segment. These include income tax payables.

These operating segments are monitored and strategic decisions are made based on segment's performance.

As mentioned in note 1, the Group entered into the Provisional Agreement to dispose of the Disposal Property for a consideration of HK$286,000,000 and such transaction was completed on 23 September 2011. In accordance with HKFRS 5, the Group's business of property investment is referred to as the Discontinued Operations for the years ended 31 March 2012 and 2011 in the Group's financial statements. Further details regarding the results of the Discontinued Operations are set out in note 8 to this announcement of final results.

The Group's continuing operations are currently organised into five main business segments:

2012

	Continuing operations						
	Publishing	**Crude oil exploration services**	**Chinese information infrastructure and online social music gaming platform**	**Electronic card service**	**Retailing and wholesales**	**Others**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue							
From external customers	**21,586**	**4,899**	**–**	**26**	**5,141**	**2,308**	**33,960**
From other segments	**1**	**–**	**–**	**–**	**1,123**	**–**	**1,124**
Reportable segment revenue	**21,587**	**4,899**	**–**	**26**	**6,264**	**2,308**	**35,084**
Reportable segment loss	**(6,383)**	**(18,033)**	**(17,003)**	**(1,567)**	**(5,333)**	**(3,899)**	**(52,218)**
Other information							
Amortisation of intangible assets	**–**	**11,840**	**–**	**–**	**–**	**–**	**11,840**
Impairment of available-for-sale financial assets	**–**	**–**	**–**	**–**	**–**	**5,000**	**5,000**
Bank interest income	**–**	**(599)**	**(856)**	**–**	**–**	**(821)**	**(2,276)**
Depreciation of property, plant and equipment	**162**	**4,050**	**594**	**99**	**635**	**2,440**	**7,980**
Reportable segment assets	**24,328**	**234,773**	**97,269**	**3,982**	**48,690**	**9,921**	**418,963**
Additions to non-current assets	**877**	**134**	**685**	**–**	**226**	**1,055**	**2,977**
Reportable segment liabilities	**(8,307)**	**(7,424)**	**(1,468)**	**(3,747)**	**(9,517)**	**(72)**	**(30,535)**

2011

	Continuing operations						
	Publishing	Crude oil exploration services	Chinese information infrastructure	Electronic card service	Retailing and wholesales	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue							
From external customers	24,973	6,832	–	146	4,167	2,215	38,333
From other segments	12	–	–	–	400	–	412
Reportable segment revenue	24,985	6,832	–	146	4,567	2,215	38,745
Reportable segment profit/(loss)	3,132	(33,210)	(4,703)	(9,139)	(7,400)	(5,051)	(56,371)
Other information							
Amortisation of intangible assets	–	11,974	–	1,120	–	–	13,094
Impairment of goodwlll	–	–	–	2,617	–	–	2,617
Impairment of intangible assets	–	19,280	–	3,545	–	–	22,825
Bank interest income	–	(592)	(6)	(7)	(1)	(4)	(610)
Depreciation of property, plant and equipment	150	4,005	9	218	886	2,774	8,042
Reportable segment assets	14,239	246,588	72,933	7,065	17,611	6,252	364,688
Additions to non-current assets	230	2,425	77	10	–	1,095	3,837
Reportable segment liabilities	(8,665)	(9,226)	(414)	(5,313)	(563)	(49)	(24,230)

The totals presented for the Group's operating segments reconcile to the Group's key financial figures as presented in the financial statements are as follows:

	2012	2011
	HK$'000	*HK$'000*
Reportable segment revenue	**35,084**	38,745
Elimination of inter segment revenue	**(1,124)**	(412)
Revenue from continuing operations	**33,960**	38,333
Loss before income tax expenses and discontinued operations		
Reportable segment loss	**(52,218)**	(56,371)
Decrease in fair value of financial assets at fair value through profit or loss	**(41,330)**	(10,781)
Impairment of available-for-sale financial assets	**(5,000)**	–
Share of losses of associates	**(7,221)**	(1,496)
Unallocated corporate expenses	**(1,138)**	(12,286)
Finance costs	**(9)**	(79)
Loss before income tax credit from continuing operations	**(106,916)**	(81,013)
Reportable segment assets	**418,963**	364,688
Interests in associates	**15,004**	22,222
Available-for-sale financial assets	**15,000**	20,000
Amounts due from associates	**67**	52
Financial assets at fair value through profit or loss	**50,911**	62,071
Assets of discontinued operations	**–**	226,549
Other corporate assets	**321,954**	151,928
Group assets	**821,899**	847,510
Reportable segment liabilities	**30,535**	24,230
Amounts due to fellow subsidiaries of an associate	**675**	675
Amounts due to associates	**–**	1,144
Liabilities of discontinued operations	**–**	970
Other corporate liabilities	**31,753**	41,341
Group liabilities	**62,963**	68,360

Valuation surplus on investment properties have been reclassified to profit from discontinued operations as at 31 March 2011.

The Group's revenues from external customers and its non-current assets (other than financial instruments) are divided into the following geographical areas:

	Revenue from customers (including continuing and discontinued operations)		Non-current assets	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (place of domicile)	**25,244**	31,798	**21,723**	29,384
The PRC	**5,263**	6,978	**191,984**	202,258
Macau	**2,527**	4,173	**1,952**	4,562
Japan	**3,291**	1,689	**86**	102
	36,325	44,638	**215,745**	236,306

The geographical location of customers is based on the location at which the services are provided or the goods are delivered. The geographical location of non-current assets is based on the physical location of the assets.

During the year, there was no revenue from external customers attributed to Bermuda (domicile) and no non-current assets were located in Bermuda (2011: Nil). The country of domicile is the country where the Company was incorporated for the purpose of the disclosures are as required by HKFRS 8 "Operating Segments".

During the year, there were three (2011: three) customers with whom transactions of each have exceeded 10% of the Group's revenue. Total revenue from these three (2011: three) customers accounted for 27% (2011: 29%), 17% (2011: 18%) and 13% (2011: 16%) of the Group's revenue for the year respectively. As at the reporting date, total trade receivables due from these three (2011: three) customers accounted for 4% (2011: 9%), 15% (2011: 7%), 76% (2011: 71%) of such balances respectively. Sales to these customers have been included in the segment of publishing and crude oil exploration services.

5. FINANCE COSTS

	2012	2011
	HK$'000	*HK$'000*
Continuing operations		
Interest charges on:		
Finance leases	**9**	9
Other borrowings wholly repayable within five years	**–**	70
	9	79

6. LOSS BEFORE INCOME TAX

	2012	2011
	HK$'000	*HK$'000*
Continuing operations		
Loss before income tax has been arrived at after charging/(crediting):		
Staff costs		
Directors' emoluments	**4,625**	6,606
Other staff costs:		
– Retirement benefits schemes contributions	**271**	249
– Salaries and other benefits	**14,773**	15,308
	19,669	22,163
Auditors' remuneration	**860**	880
Amortisation of intangible assets	**11,840**	13,094
Depreciation of property, plant and equipment		
– Owned assets	**7,948**	8,010
– Assets held under finance leases	**32**	32
	7,980	8,042
Cost of inventories recognised as expenses	**16,546**	17,604
Operating lease rentals in respect of rented premises	**4,288**	4,909
Loss on disposals of property, plant and equipment	**1,754**	107
Dividend income	**(38)**	(14)
Reversal of impairment loss on trade receivable	**(18)**	–
Net foreign exchange (gain)/loss	**(1,184)**	23

7. INCOME TAX CREDIT

Pursuant to the rules and regulations of Bermuda, the Group is not subject to any income tax in Bermuda during the year (2011: Nil).

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 16.5%) on the estimated assessable profits for the year. PRC Enterprise Income Tax ("EIT") has been provided at 25% (2011: 25%) on the estimated assessable profits in the PRC for the year.

	2012		2011	
	Continuing operations	**Discontinued operations**	Continuing operations	Discontinued operations
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Income tax credit comprises:				
Current tax expenses				
– Hong Kong profits tax	**48**	**–**	42	–
– PRC EIT	**21**	**–**	–	–
	69	**–**	42	–
Deferred tax				
– Deferred tax (credit)/expenses	**(2,959)**	**42**	(8,979)	(17,399)
Income tax (credit)/expenses	**(2,890)**	**42**	(8,937)	(17,399)

8. DISCONTINUED OPERATIONS

The Group entered into the Provisional Agreement with an independent third party in relation to the Disposal of the Disposal Property for a consideration of HK$286,000,000 and such transaction was completed on 23 September 2011.

In accordance with HKFRS 5, the Group's business of property investment is classified as Discontinued Operations, the analysis of the results of which for the years ended 31 March 2012 and 2011 is as follows:

	2012	2011
	HK$'000	*HK$'000*
Revenue	**2,365**	6,305
Cost of sales	**(405)**	(695)
Gross profit	**1,960**	5,610
Other income	**1**	–
Administrative expenses	**(3,300)**	(4,360)
Valuation surplus on investment properties	**–**	59,757
Gain on disposal of properties	**55,477**	–
Profit before income tax	**54,138**	61,007
Income tax (expense)/credit	**(42)**	17,399
Profit for the year	**54,096**	78,406
Operating cash inflows	**277,666**	2,158
Net cash inflows	**277,666**	2,158

Property rental income under operating leases, net of direct outgoings of the Discontinued Operations for the year approximately to HK$1,960,000 (2011: HK$5,610,000) included a net of direct outgoings of approximately to HK$405,000 (2011: HK$695,000).

Depreciation expense of the Discontinued Operations for the year approximately to HK$117,000 (2011: HK$1,262,000) has been included in administrative expenses.

Details of the assets and liabilities associated with the Discontinued Operations as at 31 March 2012 and 2011 are shown in note 11 to this announcement of final results.

9. (LOSS)/EARNINGS PER SHARE

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

	2012	2011
	HK$'000	*HK$'000*
(Loss)/Earnings		
(Loss)/Profit attributable to the owners of the Company for the purpose of basic earnings per share:		
Continuing operations	**(103,203)**	(69,400)
Discontinued operations	**54,096**	78,406
Total (loss)/profit from continuing and discontinued operations	**(49,107)**	9,006

	2012	2011
	Number of shares	Number of shares
	'000	*'000*
Number of shares		
Weighted average number of shares for the purpose of basic earnings per share	**1,035,758**	809,219

No diluted earnings per share has been presented for both years because the exercise prices of the Company's share options were higher than the average market price of the Company's share during the year.

10. TRADE RECEIVABLES

	2012	2011
	HK$'000	*HK$'000*
Trade receivables	**24,668**	22,330
Less: Impairment of trade receivables	**(1,292)**	(1,310)
	23,376	21,020

The directors of the Company consider that as trade receivables are expected to be recovered within one year, their fair values are not materially different from their carrying amounts because these amounts have short maturity periods on their inception.

The following is the ageing analysis (based on invoice date) of trade receivables at the reporting date:

	2012	2011
	HK$'000	*HK$'000*
0 – 60 days	**3,762**	7,112
61 – 90 days	**1,868**	9,795
91 – 180 days	**1,532**	228
Over 180 days	**16,214**	3,885
	23,376	21,020

Credit periods granted to customers of publishing, crude oil exploration services, electronic card service and retailing and wholesales are normally 30 to 90 days, 180 to 360 days, 0 to 60 days and 0 to 60 days respectively (2011: 30 to 90 days, 180 to 360 days, 0 to 60 days and 0 to 60 days).

11. ASSETS CLASSIFIED AS HELD FOR SALE/LIABILITIES CLASSIFIED AS HELD FOR SALE

	2012	2011
	HK$'000	*HK$'000*
Assets classified as held for sale:		
Buildings	**–**	1,699
Leasehold land	**–**	13,857
Investment properties	**–**	210,993
	–	226,549
Liabilities associated with assets classified as held for sale:		
Other payables and accruals	**–**	(970)

The balance relates to the Disposal Property which is situated in Hong Kong and is held under medium term leases.

12. TRADE PAYABLES

Ageing analysis of trade payables at the reporting dates, based on the invoice dates, is as follows:

	2012	2011
	HK$'000	*HK$'000*
0 – 60 days	**1,174**	2,681
61 – 90 days	**1,251**	610
Over 90 days	**2,946**	3,446
	5,371	6,737

The balances as at the reporting date are interest-free and are expected to be settled within one year. The directors consider that the carrying amounts of trade payables approximate to their fair values.

DIVIDEND

No dividend was paid or proposed during the year of 2012, nor has any dividend been proposed since the end of reporting year (2011: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

For the year ended 31 March 2012, the Group's overall revenue from external customers decreased by 11.4% to HK$33,960,000 of which approximately HK$21,586,000, HK$4,899,000, HK$26,000, HK$5,141,000 and HK$2,308,000 (2011: HK$24,973,000, HK$6,832,000, HK$146,000, HK$4,167,000 and HK$2,215,000) were attributable to our continuing business of publishing, crude oil exploration services, electronic card service, retailing and wholesales and others respectively.

The revenue from discontinued operations of investment properties decreased by 62.4% to HK$2,365,000 and the disposal of the whole block of Culturecom Centre was completed on 23 September 2011, resulting in a total net gain of approximately HK$54,096,000 (2011: HK$78,406,000).

The Group's consolidated net loss attributable to the owners of the Company for the year was HK$49,107,000 (2011: Profit HK$9,006,000), and the loss per share for the year was HK4.7 cents (2011: earnings per share HK1.1 cents). This decline in performance was largely due to fair value loss of financial assets at fair value through profit and loss of HK$41,330,000, impairment of available-for-sale financial assets of HK$5,000,000. Overall, by focusing on core comics operations and expanding into the online social music gaming platform, the Group has gradually progressed from its less-than-desirable position to a much more stable and hopeful present state. Therefore, the Group is optimistic of its future, as the steps taken so far have demonstrated that what is to come can only be better.

Also, as of 31 March 2012, the Group's net asset value was HK$758,936,000 and net asset value per weighted average number of 1,035,758,000 shares of the Company was approximately HK$0.73 (2011: HK$0.96).

Warrants

On 7 March 2011, the Company entered into a placing agreement with an independent placing agent in relation to the private placing of 137,850,000 warrants (the "2013 Warrants") conferring rights to subscribe up to HK$38,598,000 in aggregate for shares of the Company at an initial subscription price of HK$ 0.28 per share, to not less than 300 placees who are independent third parties during the two years period from 3 May 2011 to 2 May 2013, both days inclusive. The Placing of the 2013 Warrants was completed on 29 April 2011.

The net proceeds of the placing of approximately HK$ 26,552,000 were used as general working capital of the Company.

During the year, registered holders of 5,710,000 units of the 2013 Warrants exercised their rights to subscribe for 5,710,000 shares in the Company at HK$0.28 per share.

Substantial Disposal

On 27 January 2011, the Group entered into a provisional agreement for sale and purchase with an independent third party on the disposal of the whole block of property located at 47 Hung To Road, Kwun Tong, Hong Kong (the "Disposal) at a consideration of HK$286,000,000 ("the Consideration"). The Disposal was completed on 23 September 2011 and the Consideration was fully received by the Group. After the completion of the Disposal, the Group recorded a gain of approximately HK$55,477,000 and the net proceeds will used for future investments which may be in the principal line of business of the Group.

Liquidity and Financial Resources

As at 31 March 2012, the Group had bank and deposits with financial institutions balances in aggregate of approximately HK$434,531,000 and financial assets at fair value through profit and loss of approximately HK$50,911,000. The Group has no significant exposure to foreign exchange rate fluctuation.

As of 31 March 2012, the Group had a net current asset of approximately HK$557,621,000 (31 March 2011: HK$554,309,000) and a current ratio of 17.63 (31 March 2011: 16.02). The Group's total liabilities as of 31 March 2012 amounted to approximately HK$62,963,000 and represented approximately 8.3% (31 March 2011: 8.8%) to shareholders' equity.

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 31 March 2012, the Group had a total of 116 (2011: 120) employees. Total staff costs incurred during the year amounted to approximately HK$19,669,000 (2011: HK$22,163,000). 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

The aftershock of the global economic turmoil has affected many of our businesses. In order to ensure our Group was operating efficiently and effectively, we have set up preventive measures as much as we could, and have made provisions on investments that had lost value. At the same time, we have also refocused on our key areas of licensing and animation business, as well as extended our arms to social networking, music and gaming. Although this development has resulted in additional cost, we have been able to offset this with the exciting arrival of a beta version in the second half of 2012, and a final version shortly after. Overall, it may appear that developmental costs and fair value changes in investments have been weighed in heavily on this year's earnings, nevertheless we have been able to maintain steady revenue on most recurring projects. We are excited that our Group has successfully persevered the storms; we are finally beginning to see the fruits of our hard work, and are convinced that full harvest is on its way.

With respect to the technology-business, our Group has secured suitable cooperative partners to enhance and further commercialize our existing technologies. In the comics business, our Group has fortified its licensing business with additional resources and business partners, actively pursued opportunities in animation and movie production, while continued to reach out to other media forms. One of the highly embraced ideals of Culturecom has always been about propelling Chinese culture to the mainstream; and in light of this, our Group is at the final stages of developing an Asian-flavored animation/comic creation interface that uses 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 being able to appeal to a new generation of artists.

Aside from technology and comics, we have taken a prudent approach in the Group's petroleum extraction business. Against the backdrop of credit tightening and economic uncertainties in China, our Group has devoted much of its effort on fine-tuning the existing oil exploration facilities, and has left much of the new extraction work to be completed in the upcoming years. Some financial fluctuations during the process were unavoidable as a result, but our Group remains confident that once the oil extraction ventures in Shengli Oilfield and Chaoshui Basin pick up in the near future, our yields will dash off to highly promising results.

PROSPECTS

Looking ahead, our Group is excited about its future projects, and optimistic of its upcoming journey. We will continue to foster our relationships with the existing cooperative partners and business associates. Internet, an effective communication tool that bridges the gap between people residing in different parts of world, has been developing rapidly over the past few years, evident in the popularity of Facebook, Twitter and Youtube. Our Group currently believes strongly in the enormous potential of online social networking, music and gaming. Leveraging on the Group's IP database, animation generating engine and extensive business network in the Southeast Asia region, our Group will soon release—Ucan—an online social platform for gamers, animators, shoppers, developers, and music lovers to share their creative ideas to anyone they wish, even to those around the world. Furthermore, 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. Last but not the least, we are immensely grateful to our shareholders' continuing trust in us; we promise to, as we always have, look out for their best interests, and strive for the soundest investment strategies.

CLOSURE OF REGISTERS OF MEMBERS AND WARRANT HOLDERS

The principal Register of Members and the branch Registers of Members and Warrantholders will be closed from 13 August 2012 to 15 August 2012 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for attending the 2012 Annual General Meeting, all transfer documents accompanied by the relevant share certificates and, in the case of warrantholders, all duly completed subscription forms accompanied by the relevant warrant certificates and the appropriate subscription monies must be lodged with the Company's branch Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. 10 August 2012.

REPURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor its subsidiaries have repurchased, sold or redeemed any of the listed securities in the Company during the year ended 31 March 2012.

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 Listing Rules, 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 audited financial statements for the year ended 31 March 2012.

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 throughout the year ended 31 March 2012 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 8 August 2011 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.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

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 year ended 31 March 2012.

PUBLICATION OF RESULTS ANNOUNCEMENT

This results announcement is available for viewing on the website of Hong Kong Exchanges and Clearing Limited at www.hkex.com.hk and on the website of the Company at www.culturecom.com.hk. The annual report will be despatched to the shareholders of the Company and will be published on the above websites in due course.

On behalf of the Board
Culturecom Holdings Limited
Chu Bong Foo
Chairman

Hong Kong, 25 June 2012

As at the date of this announcement, the Board comprises of Mr. Kwan Kin Chung, Ms. Chow Lai Wah Livia (being the Vice Chairman), 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 (the Chairman and non-executive Director) and Mr. Tsang Wai Wa, Mr. Joseph Lee Chennault and Mr. Lai Qiang (all being independent non-executive Directors).

* *For identification purpose only*