CULTURECOM HOLDINGS LIMITED

文化傳信集團有限公司*

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

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2007

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 2007 together with the comparative figures for the corresponding year of 2006 are as follows:

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2007

	Notes	**2007** *HK$'000*	2006 *HK$'000*
Revenue	3	**46,642**	46,221
Cost of sales		**(33,448)**	(32,018)
Gross profit		**13,194**	14,203
Other income		**3,196**	4,037
Administrative expenses		**(55,096)**	(87,249)
Amortisation of development costs		**–**	(17,105)
Research and development expenditure		**–**	(4,362)
Allowances for trade and other debtors		**–**	(6,842)
Increase/(Decrease) in fair value of held-for-trading investments		**6,675**	(404)
Share of loss of associates		**(1,662)**	(8,240)
Share of loss of a jointly controlled entity		**–**	(740)
Gain on disposal of an associate		**891**	–
Gain on disposals of subsidiaries		**1,765**	290
Valuation surplus on investment properties		**12,533**	2,736
Finance costs	4	**(187)**	(3,893)
Allowances for amounts due from associates		**(10,196)**	(33,704)
Allowance for amounts due from a jointly controlled entity		**–**	(2,234)
Impairment loss of development costs		**–**	(15,850)
Impairment loss of property, plant and equipment		**(2,827)**	–
Loss before income tax	5	**(31,714)**	(159,357)
Income tax expense	6	**(2,220)**	–
Loss for the year attributable to equity holders of the Company		**(33,934)**	(159,357)
Loss per share attributable to equity holders of the Company during the year – basic	7	**HK0.86 cents**	HK4.34 cents
Dividends		**–**	–

CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2007

	Notes	**2007**	2006
		HK$'000	*HK$'000*
Non-current assets			
Property, plant and equipment		**13,230**	31,305
Prepaid lease payments		**24,724**	25,059
Investment properties		**80,026**	57,836
Development costs		**–**	–
Interests in associates		**8,248**	3,931
Amounts due from associates		**22,030**	21,739
Interest in a jointly controlled entity		**–**	–
Intangible assets – club memberships		**1,385**	1,385
		149,643	141,255
Current assets			
Inventories		**139**	143
Trade debtors	8	**5,382**	6,568
Prepaid lease payments		**335**	335
Other debtors, deposits and prepayments		**19,929**	10,227
Amounts due from fellow subsidiaries of an associate		**200**	–
Amounts due from associates		**4,642**	30,898
Tax recoverable		**91**	96
Held-for-trading investments		**29,877**	24,552
Bank balances and deposits with financial institutions		**37,154**	19,536
		97,749	92,355
Current liabilities			
Trade creditors	9	**6,020**	7,363
Other creditors and accrued charges		**9,375**	11,732
Amounts due to fellow subsidiaries of an associate		**1,233**	33
Obligations under finance leases – due within one year		**32**	48
Tax payable		**162**	180
		16,822	19,356
Net current assets		**80,927**	72,999
Total assets less current liabilities		**230,570**	214,254

CONSOLIDATED BALANCE SHEET *(Continued)*

AS AT 31 MARCH 2007

	Notes	2007 HK$'000	2006 HK$'000
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**410,698**	373,398
Reserves		**(185,731)**	(162,586)
Total equity		**224,967**	210,812
Non-current liabilities			
Obligations under finance leases – due after one year		**71**	103
Deferred tax liabilities		**5,532**	3,339
		5,603	3,442
		230,570	214,254

Notes:

1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the 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").

2. ADOPTION OF NEW OR AMENDED HKFRSs

2.1 From 1 April 2006, the Group has adopted all the new and amended HKFRSs which are first effective on 1 January 2006 and relevant to the Group. The adoption of these new and amended HKFRSs did not result in significant changes in the Group's accounting policies but gave rise to additional disclosures. The specific transitional provisions contained in some of these new or amended HKFRSs have been considered. The adoption of these standards did not result in any changes to the amounts or disclosures in these financial statements.

2.2 New or amended HKFRSs that have been issued but are not yet effective

The Group has not early adopted the following HKFRSs that have been issued but are not yet effective. The directors of the Company anticipate that the adoption of such HKFRSs will not result in material financial impact on the Group's financial statements.

Amendment to HKAS 1	"Presentation of Financial Statements" – Capital Disclosures[1]
HKFRS 7	"Financial Instruments: Disclosures"[1]
HKFRS 8	"Operating Segments"[7]
HK(IFRIC) Interpretation 8	"Scope of HKFRS 2"[2]
HK(IFRIC) Interpretation 9	"Reassessment of Embedded Derivatives"[3]
HK(IFRIC) Interpretation 10	"Interim Financial Reporting and Impairment"[4]
HK(IFRIC) Interpretation 11	"Group and Treasury Share Transactions"[5]
HK(IFRIC) Interpretation 12	"Service Concession Arrangements"[6]

1 Effective for accounting periods beginning on or after 1 January 2007.
2 Effective for accounting periods beginning on or after 1 May 2006.
3 Effective for accounting periods beginning on or after 1 June 2006.
4 Effective for accounting periods beginning on or after 1 November 2006.
5 Effective for accounting periods beginning on or after 1 March 2007.
6 Effective for accounting periods beginning on or after 1 January 2008.
7 Effective for accounting periods beginning on or after 1 January 2009.

3. SEGMENT INFORMATION

Primary reporting format – Business segments

The Group is currently organised into three main business segments:

Publishing	– publishing of comics and related business
Chinese information infrastructure	– sales of Chinese operating system, processor, eTextbook and application software
Investment	– rental income from investment properties

Income statement for the year ended 31 March 2007

	Publishing *HK$'000*	**Chinese information infrastructure** *HK$'000*	**Investment** *HK$'000*	**Consolidated** *HK$'000*
Turnover	**41,143**	**410**	**5,089**	**46,642**
Segment results	**1,183**	**(14,714)**	**9,062**	**(4,469)**
Unallocated expenses				**(17,856)**
Share of loss of associates				**(1,662)**
Gain on disposal of an associate				**891**
Gain on disposals of subsidiaries				**1,765**
Allowances for amount due from associates				**(10,196)**
Finance costs				**(187)**
Loss before income tax				**(31,714)**
Income tax expense				**(2,220)**
Loss for the year				**(33,934)**

Balance sheet at 31 March 2007

	Publishing *HK$'000*	Chinese information infrastructure *HK$'000*	Investment *HK$'000*	Consolidated *HK$'000*
Assets				
Segment assets	16,768	12,112	81,667	110,547
Interests in associates				8,248
Amounts due from associates				26,672
Unallocated corporate assets				101,925
Consolidated total assets				247,392
Liabilities				
Segment liabilities	11,695	1,891	6,831	20,417
Unallocated corporate liabilities				2,008
Consolidated total liabilities				22,425

Other information for the year ended 31 March 2007

	Publishing *HK$'000*	Chinese information infrastructure *HK$'000*	Investment *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Purchase of property, plant and equipment	34	30	–	–	64
Amortisation of prepaid lease payments	–	–	–	335	335
Depreciation	726	2,825	270	1,697	5,518
Impairment loss of property, plant and equipment	–	2,766	–	61	2,827

Income statement for the year ended 31 March 2006

	Publishing *HK$'000*	Chinese information infrastructure *HK$'000*	Investment *HK$'000*	Consolidated *HK$'000*
Turnover	41,731	412	4,078	46,221
Segment results	5,192	(73,026)	6,612	(61,222)
Unallocated expenses				(49,614)
Share of loss of associates				(8,240)
Share of loss of a jointly controlled entity				(740)
Finance costs				(3,893)
Gain on disposals of subsidiaries				290
Allowances for amounts due from associates				(33,704)
Allowance for amounts due from a jointly controlled entity				(2,234)
Loss before income tax				(159,357)
Income tax expense				–
Loss for the year				(159,357)

Balance sheet at 31 March 2006

	Publishing *HK$'000*	Chinese information infrastructure *HK$'000*	Investment *HK$'000*	Consolidated *HK$'000*
Assets				
Segment assets	19,288	21,886	58,097	99,271
Interests in associates				3,931
Amounts due from associates				52,637
Unallocated corporate assets				77,771
Consolidated total assets				233,610
Liabilities				
Segment liabilities	9,370	5,412	646	15,428
Unallocated corporate liabilities				7,370
Consolidated total liabilities				22,798

Other information for the year ended 31 March 2006

	Publishing *HK$'000*	Chinese information infrastructure *HK$'000*	Investment *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Purchase of property, plant and equipment	4	176	–	288	468
Amortisation of development costs	–	16,595	–	510	17,105
Amortisation of prepaid lease payments	–	–	–	335	335
Depreciation	764	3,263	–	2,186	6,213
Allowances for trade and other debtors	344	283	450	5,765	6,842
Impairment loss of development costs	–	15,850	–	–	15,850

Secondary reporting format – Geographical segments

The Group's operations are located in Hong Kong, Macau and other regions in the People's Republic of China ("PRC").

The following table provides an analysis of the Group's revenue by location of markets, irrespective of the origin of the goods/services:

	Revenue	
	2007 ***HK$'000***	2006 *HK$'000*
Hong Kong	**46,330**	45,959
PRC	**–**	262
Macau	**312**	–
	46,642	46,221

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment, analysed by the geographical area in which the assets are located:

	Segment assets		Purchase of property, plant and equipment	
	2007	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**235,949**	230,873	**34**	105
PRC	**900**	831	**–**	75
Macau	**10,543**	1,906	**30**	288
	247,392	233,610	**64**	468

4. FINANCE COSTS

	2007	2006
	HK$'000	*HK$'000*
Interest charges on:		
Finance leases	**9**	12
Other borrowings wholly repayable within five years	**–**	3,881
Convertible bonds (all issued and converted into share capital during the year)	**178**	–
	187	3,893

5. LOSS BEFORE INCOME TAX

	2007	2006
	HK$'000	*HK$'000*
Loss before income tax has been arrived at after charging/(crediting):		
Staff costs	**27,858**	29,531
Auditors' remuneration	**700**	900
Write-down of inventories	**1,512**	3,786
Amortisation of prepaid lease payments	**335**	335
Depreciation of property, plant and equipment	**5,518**	6,213
Cost of inventories recognised as expenses	**29,801**	31,816
Compensation costs	**2,000**	7,500
Loss on disposals of property, plant and equipment	**–**	60
Operating lease rentals in respect of rented premises	**1,713**	1,763
Loss/(Gain) on disposals of held-for-trading investments	**1,549**	(273)
Property rental income under operating leases, net of direct outgoings	**(4,896)**	(3,876)
Interest income	**(781)**	(922)
Dividend income	**(34)**	(85)

6. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 17.5% on the estimated assessable profit for the year (2006: No Hong Kong profits tax has been provided in the financial statements as the Group has no assessable profit in the prior year). The Group had no assessable profits in other jurisdiction in both years.

	2007	2006
	HK$'000	*HK$'000*
Current tax		
– Hong Kong	**27**	–
Deferred tax	**2,193**	–
	2,220	–

7. LOSS PER SHARE

The calculation of the basic loss per share attributable to the equity holders of the Company is based on the loss for the year of HK$33,934,000 (2006: HK$159,357,000) and the weighted average number of 3,942,563,000 (2006: 3,670,446,000) ordinary shares in issue during the year.

No diluted loss per share has been presented for both years because the exercise of the Company's outstanding share options and warrants would reduce loss per share.

8. TRADE DEBTORS

The Group allows an average credit period of 60 days to its trade customers. The following is the aging analysis of trade debtors at the balance sheet date:

	2007	2006
	HK$'000	*HK$'000*
0 – 60 days	**3,975**	4,976
61 – 90 days	**333**	228
Over 90 days	**1,074**	1,364
	5,382	6,568

9. TRADE CREDITORS

The following is an aged analysis of trade creditors at the balance sheet date:

	2007	2006
	HK$'000	*HK$'000*
0 – 60 days	**744**	4,229
61 – 90 days	**1,653**	1,233
Over 90 days	**3,623**	1,901
	6,020	7,363

DIVIDENDS

The Board of Directors has resolved not to declare any final dividend for the year ended 31 March 2007 (2006: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

For the year ended 31 March 2007, the Group's overall turnover was slightly increased approximately by 0.9% to approximately HK$46,642,000 over last year, of which approximately HK$41,143,000, HK$410,000 and HK$5,089,000 (2006: HK$41,731,000, HK$412,000 and HK$4,078,000) were attributable to our business of comics publication, Chinese information infrastructure and rental income from investment properties respectively.

The Group's consolidated net loss attributable to equity holders of the Company was significantly decreased approximately by 78.7% to approximately HK$33,934,000 as compare to that of the last year. The loss per share for the year was HK0.86 cents (2006: HK4.34 cents). The improvement in the financial results was mainly resulted from the adjustments made to the development plans of our IT core technologies and the related assets investments during the year. As a result, no further research and development expenditure was incurred for the technology projects and certain non-core investments in subsidiaries and associates were disposed during the year. Due to the continuous losses incurred by the associates, additional allowances for amounts due from an associate were made in the amount of approximately HK$10,196,000 for the year. However, due to the adoption of the new HKFRSs "Share-based Payment", the Group recognised the expenses of approximately HK$11,749,000 in relation to share options granted to employees and consultants of the Group during the year.

At 31 March 2007, the Group's net asset value was HK$224,967,000 and net asset value per weighted average number of 3,942,563,000 shares of the Company was approximately HK$0.06 (2006: HK$0.06).

Convertible Bonds

On 19 June 2006, the Company and the placing agent entered into a conditional placing agreement, pursuant to which the placing agent agreed to place up to an aggregate principal amount of HK$36,000,000 convertible bonds ("Tranche 1 Convertible Bonds") to be issued by the Company. The Company might at its option, further by written notice to require the respective holders of the Tranche 1 Convertible Bonds to subscribe for another convertible bonds ("Tranche 2 Convertible Bonds") up to an aggregate principal amount of HK$36,000,000 to be issued by the Company. The conversion price of Tranche 1 Convertible Bonds and Tranche 2 Convertible Bonds (collectively "Convertible Bonds") is HK$0.10 per new share of the Company. The net proceeds of the issue of the Tranche 1 Convertible Bonds were approximately HK$34,978,000 and was intended to be used as general working capital of the Group. The placing of the Tranche 1 Convertible Bonds was completed on 10 August 2006. As at 31 March 2007, all registered holders of Tranche 1 Convertible Bonds exercised their rights to convert for the Company's shares.

On 24 April 2007, the Company has exercised the option to call for subscription of the Tranche 2 Convertible Bonds. Upon exercising of option, holders of Tranche 1 Convertible Bonds are obliged to subscribe for the Tranche 2 Convertible Bonds at the coversion price of HK$0.10 per share. The issue of the Tranche 2 Convertible Bonds was completed on 11 May 2007. The net proceeds are approximately HK$35,500,000 and it is currently intended to be used as general working capital of the Group.

Placing of Shares

On 14 June 2007, the Company and a placing agent entered into the placing agreement pursuant to which the Company has conditionally agreed to place, through the placing agent on a best efforts basis, a maximum of 800,000,000 placing shares to independent investors at a price of HK$0.22 per placing share. The placing of 800,000,000 placing shares was completed on 10 July 2007. The net proceeds from the placing of approximately HK$172,000,000 are intended to be used for possible investment in energy related business and/or other possible diversified investments.

Acquisition

(1) On 19 March 2007, the Group entered into a conditional sale and purchase agreement with an independent third party in relation to the acquisition involving the issue of consideration shares for the PRC media design and advertising business with total consideration of HK$55,450,000. Due to the disagreement of some directors, a board meeting was then duly held with all directors either present in person or attended by telephone conference in order to re-consider the acquisition on 30 March 2007. After due and careful consideration of the directors, the acquisition was not approved. On 2 April 2007, the Group entered into a deed of cancellation to cancel the agreement with a compensation of HK$2,000,000.

(2) On 11 May 2007, the Group entered into a non-binding memorandum of understanding with an independent third party regarding a possible investment of not less than 51% equity interests in a company which is principally engaged in energy sector related businesses.

Liquidity and Financial Resources

As at 31 March 2007, the Group had bank and deposits with financial institutions balances in aggregate of approximately HK$37,154,000 and held-for-trading investments of approximately HK$29,877,000. The Group has no significant exposure to foreign exchange rate fluctuation.

As at 31 March 2007, the Group had a net current asset of approximately HK$80,927,000 (31 March 2006: HK$72,999,000) and a current ratio of 5.81 (31 March 2006: 4.77). The Group's total liabilities as at 31 March 2007 amounted to approximately HK$22,425,000 and represented approximately 9.97% (31 March 2006: 10.81%) to shareholders' equity.

In view of the above, the Directors believe that the Group will have sufficient liquidity to finance its daily operation, and the net proceeds from the issue of Convertible Bonds, placing of placing shares and the exercise of warrants in the future would further strengthen the financial position of the Group.

Employment and Remuneration Policies

As at 31 March 2007, the Group had a total of 86 employees of which 54 are based in Hong Kong, 30 in Macau and 2 in the PRC. Total staff costs incurred during the year amounted to approximately HK$27,858,000 (2006: HK$29,531,000). Remuneration packages are maintained at competitive level 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

Since 2006, the Group has strived to reconstruct our technological assets and businesses and has continuously sought for any projects with higher profit margin so as to create greater shareholders' values. During the financial year, remarkable fruits were attained from the Group's business reconstruction. As regard to our non-core operations, all-round cost control was put into place and appropriate adjustments were made in accordance with our corporate strategies. As for our core operations, circumspect operating strategies were pursued for enhancing shareholders' returns.

Development of Technology Business

Over the last year, the Group has redirected our entire technology development path through consolidating the resource allocation ratio of our core products and non-core products on an unprecedented and determined basis. The projects under development are based on the time required for yielding returns. Projects without any definite shareholders' returns will be recognized as non-core items by the Group. The corporate practice of non-core assets, including sales, will be handed over to the cooperative partners for follow-up actions.

The Group has enthusiastically approached the relevant corporations, institutions and universities for exploring any potential opportunities to cooperate in the horizon of Chinese Character Generating Engine and the related technologies. Encouraging technological breakthroughs were made for the editable animated comics system developed by Mr. Chu Bong Foo. The Group has been looking for suitable cooperative partners for the commercialization of the system through energetic and cautious strategies.

Comics

During the financial year, our comics business, including local comics and overseas licensing, grew stably. However, turnover from Japanese comics business dropped by 5.5% over last year's figure to approximately HK$28,313,000 during the year. This was attributable to the fact that our imported Japanese comics business was impacted as comics book-letting stores and parallel goods became more and more common. In the realm of the development of our inter-media comics business, licensed movies, ancillary online games and mobile games have gradually proceeded to completion, and were launched into the market. The Group is now vigorously exploring each and every opportunity to cooperate with the relevant corporations for developing licensed business of animation and comics in the Mainland. Meanwhile, the Group is also seeking for opportunities of cooperating with the local government in order to further flourish the business of animation and comics in the Mainland. While mitigating our risk exposures, the Group will generate greater revenue contribution from our comics business. The Group believes that given the multimedia market is increasingly mature, Culturecom is anticipated to register higher income growth in its multimedia comics business.

Resources Business

In recent years, as the technology business over the world is fiercely competitive, the Group's technology business failed to catch up greater shareholders' returns. The comics business is similarly limited to stable growth. Hence, the management of the Group expects to identify possible opportunities of developing resources projects to generate enduring stable returns for our shareholders by expanding into a wider diversity of business scopes.

Prospects

Looking ahead, the Culturecom Group will adhere itself to a growing philosophy of prudence. Leveraging on our existing resources available to the Group, we will endeavour to open up more cooperative opportunities for realizing economies of scale. We will also extend into potential business segments so as to deliver greater shareholders' values. The Group is confident of securing a share in the market by capitalizing on our unique strengths.

CLOSURE OF REGISTERS OF MEMBERS AND WARRANTHOLDERS

The principal Register of Members and the branch Registers of Members and Warrantholders will be closed from 17 September 2007 to 21 September 2007 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for attending the 2007 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. 14 September 2007.

REPURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor its subsidiaries have purchased, sold or redeemed any of the listed securities in the Company during the year ended 31 March 2007.

AUDIT COMMITTEE

The Audit Committee, 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, currently comprises four independent non-executive Directors, namely Mr. Lai Man To, Mr. Joseph Lee Chennault, Mr. Wang Tiao Chun and Mr. Chung Billy. The Committee 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 2007.

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 2007 except for the following deviations:

Code Provision A.1.3

Under code provision A.1.3, notice of at least 14 days should be given of a regular board meeting to give all directors an opportunity to attend. For all other board meetings, reasonable notice should be given. In two non-regular board meetings of the Company held on 19 March 2007, not all directors had been given notices of these two board meetings, as some directors were at the relevant time outside the territory of Hong Kong. Subsequently, a board meeting was held on 30 March 2007, in this case notice of this board meeting was received by all directors and this board meeting was attended by all directors, to re-consider the matters resolved in the two said board meetings held on 19 March 2007. As such, the Company considers that any deviation from code provision A.1.3 has been rectified.

Code Provision A.2.1

Under the code provision A.2.1, the roles of Chairman and Chief Executive Officer ("CEO") should be separated and should not be performed by the same individual. During the year, the Company did not have any officer with the title of "CEO" but instead the duties of a CEO are performed by Mr. Cheung Wai Tung, the Chairman of the Company in the same capacity as the CEO of the Company. The Board believed that vesting the roles of both Chairman and CEO in the same person provided the Group with strong and consistent leadership and allowed for more effective planning and execution of long term business strategies. However with increasing workload of the Chairman, the Company resolved to appoint Mr. Kwan Kin Chung as the Acting CEO of the Company in April 2007.

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. Cheung Wai Tung was unable to attend the annual general meeting of the Company held on 24 August 2006 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 2007.

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.

By order of the Board of Directors of
CULTURECOM HOLDINGS LIMITED
Cheung Wai Tung
Chairman

Hong Kong, 24 July 2007

As at the date of this announcement, the Board comprises of Mr. Cheung Wai Tung, Mr. Chu Bong Foo, Mr. Henry Chang Manayan, Mr. Wan Xiaolin, Mr. Tai Cheong Sao (all being executive Directors); and Mr. Lai Man To, Mr. Joseph Lee Chennault, Mr. Wang Tiao Chun and Mr. Chung Billy (all being independent non-executive Directors).

* *For identification purpose only*