



## CORPORATE INFORMATION

### EXECUTIVE DIRECTORS

Mr. Cheung Wai Tung (*Chairman*)  
Mr. Chu Bong Foo (*Vice-Chairman*)  
Mr. Kwan Kin Chung (*Managing Director*)  
Mr. Henry Chang Manayan  
Mr. Wan Xiaolin  
Mr. Chung Billy  
Mr. Tang U Fai  
Mr. Tang Kwing Chuen Kenneth  
Mr. Chen Man Lung

### INDEPENDENT NON-EXECUTIVE DIRECTORS

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

### COMPANY SECRETARY

Ms. Lee Yuk Ping

### AUDIT COMMITTEE

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

### REMUNERATION COMMITTEE

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

### PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited  
Hang Seng Bank

### SOLICITORS

Michael Li & Co.  
Appleby

### AUDITORS

Grant Thornton

### PUBLIC RELATION

PR Concepts Asia Limited

### REGISTERED OFFICE

Canon's Court  
22 Victoria Street  
Hamilton HM 12  
Bermuda

### PRINCIPAL OFFICE

Units 610C, 612-613  
Level 6, Core D  
Cyberport 3  
100 Cyberport Road  
Hong Kong

### PRINCIPAL REGISTRAR

Butterfield Fund Services (Bermuda) Limited  
Rosebank Centre  
11 Bermudiana Road  
Pembroke  
Bermuda

### BRANCH REGISTRAR

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

### COMPANY WEBSITE

[www.culturecom.com.hk](http://www.culturecom.com.hk)

### STOCK CODE

343

### WARRANT CODE

453

## CHAIRMAN'S STATEMENT

### Business Review

The past global economic turmoil has taken toll on many operations and its impact still has far-reaching implications on existing and future businesses. Acting with prudence, our Group implemented guidelines to regularly revalue its position in the marketplace and consequently shed operational units that were unprofitable and refocused on our core competence of licensing, while continued to branch out into synergistic businesses with promising return. The benefit of the restructuring that had effect in the earlier periods continued into this period, resulting in an overall bottom line that was better than that from the same period last year. To this end, the management of our Group is very confident that the light is at the end of the tunnel and as the global economic turmoil further bottoms out and recovery becomes visible, our investments will revert back to its intrinsic value and therefore Culturecom's position among its competitors will be strengthened.

A number of our achievements in the past six months deserve some attention. With respect to the technology-business, our Group has finished unloading its non-core businesses while actively seeking for suitable cooperative partners to enhance and commercialize its technologies. In the comic business, our Group has strengthened its licensing business with additional resources, actively pursuing opportunities in game development and movie production, while continuing to extend its brand into other areas of interest, such as education. One of the significant ideals of Culturecom has always been about bringing Chinese culture into the mainstream; and in light of this, our Group is 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 general masses to participate in the production process; lowering cost on one hand, while creating appeal to a new generation of artists as well. Aside from technology and comics, the Group's venture in the petroleum extraction business started to take shape but as the global oil prices remained unstable, much effort was devoted to exploration in the first half, leaving much of the oil extraction work in the second half of the year. As a result, the operation's impact to the overall financial results has been minimal but from the geology information gathered so far, our Group is confident that the oil extraction venture in Shengli Oilfield and Chaoshui Basin has the potential to yield promising results in the years to come.

## CHAIRMAN'S STATEMENT (CONTINUED)

### Prospects

Looking ahead, our Group will continue to establish close ties with its cooperative partners and business associates. We are always on the lookout for business opportunities with the potential to enhance shareholders' values while minimizing our exposure to risk. In particular, our Group recognizes only a limited number of oil blocks in China are available to foreign enterprise in partnership with the three large state-owned oil companies or their subsidiaries. Therefore, we will continue to leverage off its existing cooperation with Sinopec's subsidiaries to develop other projects as well as foster cooperation with other state-owned enterprises that possess natural resources extraction rights. In addition to venturing in the resource business, our Group continues to recognize the enormous potential for retailing in China, as this country's retail market has developed rapidly over the past few years. Many new chain store networks, malls and shopping streets now appear not only in the commercial cities of Beijing, Guangzhou and Shanghai, but also in the suburban areas. Leveraging on our extensive networks around the globe, within China, as well as our technological platform, our Group has the resources necessary to effectively conduct business-to-business commerce in China and help local retailers expand their business. Therefore, our Group is truly optimistic of its future direction. We will continue to remain prudent in its investment decisions and explore prospective business opportunities.

### Appreciation

I would like to dedicate sincere gratitude to the board of directors, our management and all our staff for their devoted efforts over the period and to all our customers, suppliers, business partners and our shareholders for their enthusiastic support of the Group.

## 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 2009 together with the comparative figures for the corresponding period of 2008 are as follows:

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

	Notes	Six months ended 30 September	
		2009 HK\$'000 (unaudited)	2008 HK\$'000 (unaudited)
<b>Revenue</b>	2	<b>18,072</b>	25,914
Cost of sales		(10,174)	(15,729)
<b>Gross profit</b>		<b>7,898</b>	10,185
Other income		723	1,493
Administrative expenses		(28,554)	(25,664)
Increase/(Decrease) in fair value of financial assets at fair value through profit or loss		<b>16,972</b>	(46,029)
Share of losses of associates		(1,085)	(1,494)
Finance costs	4	(4)	(174)
<b>Loss before income tax</b>	5	<b>(4,050)</b>	(61,683)
Income tax credit	6	<b>1,440</b>	1,439
<b>Loss for the period</b>		<b>(2,610)</b>	(60,244)
<b>Other comprehensive income for the period</b>			
Exchange gain on translation of financial statements of foreign operations		572	4,195
<b>Total comprehensive loss for the period</b>		<b>(2,038)</b>	(56,049)
<b>Loss for the period attributable to:</b>			
Equity holders of the Company		(2,174)	(60,244)
Minority interests		(436)	–
		<b>(2,610)</b>	(60,244)
<b>Total comprehensive loss attributable to:</b>			
Equity holders of the Company		(1,602)	(56,049)
Minority interests		(436)	–
		<b>(2,038)</b>	(56,049)
			(Restated)
<b>Loss per share attributable to equity holders of the Company during the period</b>			
– Basic	7	<b>HK0.32 cents</b>	HK8.5 cents
– Diluted		<b>N/A</b>	N/A

The notes on pages 9 to 24 form part of this interim financial report.

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2009

	Notes	30 September 2009 HK\$'000 (unaudited)	31 March 2009 HK\$'000 (audited)
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	59,058	56,982
Prepaid lease payments		14,047	14,239
Investment properties		120,251	120,251
Long term deposits		2,270	2,268
Interests in associates		23,999	25,084
Goodwill	9	4,743	–
Intangible assets	10	201,374	207,000
		<b>425,742</b>	<b>425,824</b>
<b>Current assets</b>			
Inventories		924	280
Trade receivables	11	12,333	16,135
Prepaid lease payments		382	382
Other receivables, deposits and prepayments		24,921	69,599
Amounts due from fellow subsidiaries of an associate		236	236
Amounts due from associates		33	21
Tax recoverable		108	153
Financial assets at fair value through profit or loss		103,175	77,582
Bank balances and deposits with financial institutions		142,135	130,240
		<b>284,247</b>	<b>294,628</b>
<b>Current liabilities</b>			
Trade payables	12	5,290	5,160
Other payables and accrued charges		16,466	26,478
Amounts due to fellow subsidiaries of an associate		1,184	1,233
Amounts due to associates		195	–
Obligations under finance leases – due within one year	13	43	43
Tax payable		180	176
		<b>23,358</b>	<b>33,090</b>
<b>Net current assets</b>		<b>260,889</b>	<b>261,538</b>
<b>Total assets less current liabilities</b>		<b>686,631</b>	<b>687,362</b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 30 SEPTEMBER 2009

	Notes	30 September 2009 HK\$'000 (unaudited)	31 March 2009 HK\$'000 (audited)
<b>Non-current liabilities</b>			
Obligations under finance leases – due after one year	13	114	135
Deferred tax liabilities		59,392	60,798
		<u>59,506</u>	<u>60,933</u>
<b>Net assets</b>		<u><b>627,125</b></u>	<u>626,429</u>
<b>EQUITY</b>			
Share capital	14	689,256	689,456
Reserves		(64,479)	(63,027)
		<u>624,777</u>	<u>626,429</u>
Equity attributable to equity holders of the Company		624,777	626,429
Minority interests		2,348	–
		<u>627,125</u>	<u>626,429</u>
<b>Total equity</b>		<u><b>627,125</b></u>	<u>626,429</u>

The notes on pages 9 to 24 form part of this interim financial report.

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

	Attributable to equity holders of the Company											
	Share capital	Share premium	Contribution surplus	Other reserve	Capital redemption reserve	Translation reserve	Share option reserve	Investment property revaluation reserve	Accumulated losses	Total	Minority Interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
At 1 April 2008	709,526	926,532	171,671	24,733	446	1,722	63,619	1,275	(1,174,738)	724,786	-	724,786
Exchange gain on translation of financial statements of foreign operations	-	-	-	-	-	4,195	-	-	-	4,195	-	4,195
Loss for the period	-	-	-	-	-	-	-	-	(60,244)	(60,244)	-	(60,244)
Total comprehensive loss for the period	-	-	-	-	-	4,195	-	-	(60,244)	(56,049)	-	(56,049)
At 30 September 2008	<u>709,526</u>	<u>926,532</u>	<u>171,671</u>	<u>24,733</u>	<u>446</u>	<u>5,917</u>	<u>63,619</u>	<u>1,275</u>	<u>(1,234,982)</u>	<u>668,737</u>	<u>-</u>	<u>668,737</u>
At 1 April 2009	689,456	931,509	171,671	24,586	446	10,620	63,619	2,149	(1,267,627)	626,429	-	626,429
Exchange gain on translation of financial statements of foreign operations	-	-	-	-	-	572	-	-	-	572	-	572
Loss for the period	-	-	-	-	-	-	-	-	(2,174)	(2,174)	(436)	(2,610)
Total comprehensive loss for the period	-	-	-	-	-	572	-	-	(2,174)	(1,602)	(436)	(2,038)
Share repurchase and cancellation	(200)	53	-	147	-	-	-	-	-	-	-	-
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	2,784	2,784
Share consolidation expenses	-	(50)	-	-	-	-	-	-	-	(50)	-	(50)
At 30 September 2009	<u>689,256</u>	<u>931,512</u>	<u>171,671</u>	<u>24,733</u>	<u>446</u>	<u>11,192</u>	<u>63,619</u>	<u>2,149</u>	<u>(1,269,801)</u>	<u>624,777</u>	<u>2,348</u>	<u>627,125</u>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
<b>Net cash generated from/(used in) operating activities</b>	<b>13,357</b>	(62,695)
<b>Net cash used in investing activities</b>	<b>(1,831)</b>	(7,734)
<b>Net cash used in financing activities</b>	<b>(75)</b>	(25,157)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>11,451</b>	(95,586)
<b>Cash and cash equivalents at 1 April</b>	<b>130,240</b>	311,302
<b>Effect of foreign exchange rate changes</b>	<b>444</b>	3,304
<b>Cash and cash equivalents at 30 September</b>	<b>142,135</b>	219,020
<b>Analysis of the balances of cash and cash equivalents</b>		
Bank balances and deposits with financial institutions	<b>142,135</b>	219,020

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These unaudited condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with the Hong Kong Accounting Standards (“HKAS”) No. 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The unaudited condensed consolidated interim financial statements have been prepared under the historical cost basis except for investment properties, financial assets at fair value through profit and loss and certain financial assets and financial liabilities which are stated at fair value.

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 March 2009, except for the adoption of the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) (which include individual HKFRSs, Hong Kong Accounting Standards and Interpretations) as disclosed below.

This unaudited condensed consolidated interim financial statements does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2009.

In the current period, the Group has applied for the first time the following new and revised HKFRSs issued by the HKICPA, which are relevant to and effective for the Group’s financial statements for the annual financial period beginning on 1 April 2009.

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKFRS 1 and HKAS 27 (Amendment)	Cost of an investment in a subsidiary, jointly controlled entity or an associate
HKFRS 2 (Amendment)	Share-based Payment – vesting conditions and cancellations
HKFRS 8	Operating Segments
HKAS 32, HKAS 39 & HKAS 7 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 7 (Amendments)	Financial instruments disclosures – Improving disclosures about financial instruments
HK (IFRIC) – Int 9 & HKAS 39 (Amendments)	Reassessment of Embedded Derivatives
Various	Annual Improvements to HKFRSs 2008

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

### 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

Except for the adoption of HKFRS 8 and HKAS 1 (Revised), the adoption of above new standards, amendments/revisions to standards and interpretations which become effective for accounting period beginning 1 April 2009 have had no material impact on the Group's results of operations and financial position.

#### HKAS 1 (Revised 2007) Presentation of Financial Statements

The adoption of HKAS 1 (Revised 2007) makes certain changes to the format and titles of the primary financial statements and to the presentation of some items within these statements. It also gives rise to additional disclosures. The measurement and recognition of the Group's assets, liabilities, income and expenses are unchanged. However, some items that were recognised directly in equity are now recognised in other comprehensive income, for example exchange difference arising on the translation of overseas operation. HKAS 1 affects the presentation of owner changes in equity and introduces a "Statement of Comprehensive Income". Comparatives have been restated to conform with the revised standard.

#### HKFRS 8 Operating Segments

The adoption of HKFRS 8 has not affected the identified and reportable operating segments for the Group. However, reported segment information is now based on internal management reporting information that is regularly reviewed by the chief operating decision maker. In the previous annual financial statements, segments were identified by reference to the dominant source and nature of the Group's risks and returns. Comparatives have been restated on a basis consistent with the new standard.

The Group has not adopted earlier or applied the following new interpretations and amendments/revisions to standards that have been issued but are not yet effective, in this condensed consolidated interim financial statements.

HKAS 27 (Revised)	Consolidated and Separate Financial Statements <sup>1</sup>
HKAS 39 (Amendment)	Eligible Hedged Items <sup>1</sup>
HKFRS 3 (Revised)	Business Combinations <sup>1</sup>
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners <sup>1</sup>

<sup>1</sup>Effective for annual periods beginning on or after 1 July 2009.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

### 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

Apart from the above, the HKICPA has issued "Improvements to HKFRSs 2009" in May 2009. The Improvements set out amendments to a number of HKFRSs and are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate. The Group has already commenced an assessment of the related impact of adopting the above new interpretations and amendments/revisions to standards in the period of initial application. So far, it has concluded that the adoption of the above new interpretation and amendments/revisions to standards will have no material impact on results of operations and financial position.

### 2. REVENUE AND TURNOVER

Revenue, which is also the Group's turnover, represents the amount received and receivable for goods sold by the Group, less returns and allowance, rental income and exploration and production services income and is analysed as follows:

	Six months ended 30 September	
	2009 HK\$'000 (unaudited)	2008 HK\$'000 (unaudited)
Sales of goods	12,569	18,537
Rental income	3,311	3,475
Exploration and production services income	2,192	3,902
	<u>18,072</u>	<u>25,914</u>

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

### 3. SEGMENT INFORMATION

On adoption of HKFRS 8 “Operating Segments”, the Group has identified its operating segments and prepared segment information based on the regular internal financial information reported to the Group’s executive directors for their decisions about resources allocation to the Group’s businesses components and review of these components’ performance. The business components in the internal reporting to the executive directors are determined following the Group’s major product and service lines.

The Group has identified the following reportable segments:

Publishing	–	publishing of comics and related business
Property investment	–	rental income from investment properties
Crude oil exploration services	–	services income from crude oil exploration services
Chinese information infrastructure	–	sales of Chinese operating system, processor, eTextbook and application software

Each of these reportable segments is managed separately as each of these product and service lines requires different resources as well as marketing approaches. The adoption of HKFRS 8 has not changed the identified operating segments for the Group compared to 2008 annual financial statements.

Under the HKFRS 8, reported segment information is based on internal management reporting information that is regularly reviewed by the executive directors. The executive directors assess segment profit or loss using a measure of operating profit. The measurement policies the Group used for segment reporting under HKFRS 8 are the same as those used in its HKFRS financial statements.

There are no sales between the reportable segments.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

### 3. SEGMENT INFORMATION (CONTINUED)

Information regarding the Group's reportable segments is set out below:

For the six months ended 30 September 2009

	Publishing HK\$'000 (unaudited)	Property investment HK\$'000 (unaudited)	Crude oil exploration services HK\$'000 (unaudited)	Chinese information infrastructure HK\$'000 (unaudited)	Unallocated HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Revenue	12,402	3,311	2,192	167	–	18,072
Segment results	2,517	188	(6,731)	(7,512)	(8,395)	(19,933)
Increase in fair value of financial assets at fair value through profit and loss						16,972
Share of losses of associates						(1,085)
Finance costs						(4)
Loss before income tax						(4,050)
Income tax credit						1,440
Loss for the period						(2,610)

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

### 3. SEGMENT INFORMATION (CONTINUED)

For the six months ended 30 September 2008

	Publishing HK\$'000 (unaudited)	Property investment HK\$'000 (unaudited)	Crude oil exploration services HK\$'000 (unaudited)	Chinese information infrastructure HK\$'000 (unaudited)	Unallocated HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Revenue	18,537	3,475	3,902	–	–	25,914
Segment results	2,417	398	(4,658)	(4,092)	(8,051)	(13,986)
Decrease in fair value of financial assets at fair value through profit and loss						(46,029)
Share of losses of associates						(1,494)
Finance costs						(174)
Loss before income tax						(61,683)
Income tax credit						1,439
Loss for the period						(60,244)

### 4. FINANCE COSTS

	Six months ended 30 September	
	2009 HK\$'000 (unaudited)	2008 HK\$'000 (unaudited)
Interest charges on:		
Finance leases	4	3
Other borrowings wholly repayable within one year	–	171
	4	174

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

### 5. LOSS BEFORE INCOME TAX

	Six months ended 30 September	
	2009 HK\$'000 (unaudited)	2008 HK\$'000 (unaudited)
Loss before income tax has been arrived at after charging/(crediting):		
Staff costs, including directors emoluments	9,482	7,265
Amortisation of prepaid lease payments	192	252
Amortisation of intangible assets	5,761	5,757
Loss on disposal of property, plant and equipment	–	31
Depreciation of property, plant and equipment	2,059	1,765
Interest income	(1,223)	(1,095)

### 6. INCOME TAX CREDIT

No provision for Hong Kong profits tax has been provided in the financial statements as the Group had no estimated assessable profits for the period (2008: nil). The Group also had no assessable profits in other jurisdiction in both periods.

	Six months ended 30 September	
	2009 HK\$'000 (unaudited)	2008 HK\$'000 (unaudited)
Current tax	–	–
Deferred tax		
Revaluation of intangible assets	1,440	1,439
	<u>1,440</u>	<u>1,439</u>

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

### 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 period of HK\$2,174,000 (2008: HK\$60,244,000) and the weighted average number of 689,263,614 (2008: 709,525,964) ordinary shares in issue during the period, as adjusted for the effect of the consolidation of ordinary shares of the Company on the basis that every ten then existing issued ordinary shares of HK\$0.1 each were consolidated into one ordinary share of HK\$1.0 each with effect from 4 November 2008.

No diluted loss per share has been presented for both periods because the impact of the exercise of the Company's outstanding share options was anti-dilutive.

### 8. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

During the period, the Group acquired equipment amounting to HK\$3,849,000 (2008:HK\$3,024,000) and acquired certain plant and equipment of HK\$259,000 through a business combination. Further details of this acquisition are included in note 16.

At 30 September 2009, the directors considered the carrying amount of the Group's leasehold land and buildings carried at revalued amounts and estimated that the carrying amounts does not differ significantly from that which would be determined fair values at the date of statement of financial position. Consequently, no revaluation surplus or deficit has been recognised in the current period.

The Group's investment properties were fair-value by the director at 30 September 2009. There was no change in fair value on the investment property as at 30 September 2009.

### 9. GOODWILL

The carrying amount of goodwill result from acquisition of subsidiary on May 2009 and the group's management have been taken into consideration on past performance and its expectations for the acquired subsidiary. There was no change in any carrying amount of goodwill as at 30 September 2009.

### 10. INTANGIBLES ASSETS

	Club memberships HK\$'000	Exploration and production services rights HK\$'000	Total HK\$'000
Carrying amount at 1 April 2009 (audited)	1,385	205,615	207,000
Amortisation	–	(5,761)	(5,761)
Exchange realignment	–	135	135
Carrying amount at 30 September 2009 (unaudited)	<u>1,385</u>	<u>199,989</u>	<u>201,374</u>

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

### 11. TRADE RECEIVABLES

	<b>30 September 2009 HK\$'000 (unaudited)</b>	31 March 2009 HK\$'000 (audited)
Trade receivables	15,513	18,907
Less: Impairment of trade receivables	(3,180)	(2,772)
	<u>12,333</u>	<u>16,135</u>

The following is an ageing analysis (based on invoice date) of trade receivables at the date of statement of financial position:

	<b>30 September 2009 HK\$'000 (unaudited)</b>	31 March 2009 HK\$'000 (audited)
0 – 60 days	5,089	4,518
61 – 90 days	2,221	1,128
91 – 180 days	599	855
Over 180 days	4,424	9,634
	<u>12,333</u>	<u>16,135</u>

Credit periods granted to customers of publishing, investment properties and crude oil exploration services are normally 30 to 90 days, 30 days and 180 days to 360 days respectively.

The carrying amounts of trade receivables approximate to their fair values.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

### 12. TRADE PAYABLES

The following is an ageing analysis of trade payables at the date of statement of financial position:

	<b>30 September 2009 HK\$'000 (unaudited)</b>	31 March 2009 HK\$'000 (audited)
0 – 60 days	1,945	2,702
61 – 90 days	1,165	1,010
Over 90 days	2,180	1,448
	<u>5,290</u>	<u>5,160</u>

The carrying amounts of trade payables approximate to their fair values.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

### 13. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	30 September 2009 HK\$'000 (unaudited)	31 March 2009 HK\$'000 (audited)	30 September 2009 HK\$'000 (unaudited)	31 March 2009 HK\$'000 (audited)
Amounts payable under finance leases:				
Within one year	52	52	43	43
In the second to fifth years inclusive	138	164	114	135
	<u>190</u>	<u>216</u>	<u>157</u>	<u>178</u>
Less: Future finance charges	(33)	(38)	–	–
Present value of lease obligations	<u>157</u>	<u>178</u>	<u>157</u>	<u>178</u>
Less: Amounts due within one year			(43)	(43)
Amounts due after one year			<u>114</u>	<u>135</u>

The balances are secured by the lessor's charge over the leased assets.

The lease term in respect of assets held under the finance lease is 5 years. For the six months ended 30 September 2009, the average effective borrowing rate was 9%. Interest rate is fixed at the contract date.

All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

### 14. SHARE CAPITAL

	Note	Number of shares '000	Share capital HK\$'000
Ordinary shares of HK\$1.0 each			
Authorised:			
At 31 March and 30 September 2009		1,000,000	1,000,000
Issued and fully paid:			
At 1 April 2009		689,456	689,456
Repurchase and cancellation of shares	a	(200)	(200)
At 30 September 2009		689,256	689,256

Note:

- (a) The Company repurchased totaling 20,270,000 ordinary shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") during the year ended 31 March 2009. 20,070,000 ordinary shares were cancelled during the year ended 31 March 2009 and the remaining 200,000 ordinary shares were cancelled on 7 April 2009.

### 15. WARRANTS

On 31 October 2007, the Company entered into a conditional placing agreement with a placing agent in relation to the private placing of 1,140,000,000 warrants ("2010 Warrants") conferring rights to subscribe up to approximately HK\$157,320,000 in cash for shares of HK\$0.10 each in the share capital of the Company at an initial subscription price of HK\$0.138 per share during the period from 7 January 2008 to 6 January 2010, both days inclusive. The placing of 2010 Warrants was completed on 14 December 2007. Net proceeds of the placing of the 2010 Warrants approximately HK\$23,105,000 were used for general working capital of the Group. Upon the share consolidation with effect from 4 November 2008, the subscription price of the warrants of the Company was adjusted from HK\$0.138 per share to HK\$1.38 per consolidated share.

During the six months ended 30 September 2009, no registered holders of the 2010 Warrants exercised their rights to subscribe for shares.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

### 16. BUSINESS COMBINATION

On 9 December 2008, the Group entered into a conditional sale and purchase agreement with an independent third party in relation to the acquisition for 53% equity interest of a PRC travel business with total consideration of RMB7,000,000 and completed in May 2009. The acquired business contributed revenues of HK\$76,000 and loss before tax of HK\$928,000 to the Group for the period from 1 June 2009 to 30 September 2009.

If the acquisition had occurred on 1 April 2009, the Group's revenue would have been HK\$98,573 and loss before tax would have been HK\$1,562,000. This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2009, nor is it intended to be a projection of future results.

Details of the net assets acquired and goodwill are as follows:

	HK\$'000
Purchase consideration	
– Cash paid	7,882
Net assets acquired	3,139
Goodwill	4,743

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

### 16. BUSINESS COMBINATION (CONTINUED)

The assets and liabilities arising from the acquisition are as follows:

	Value of assets acquired HK\$'000	Acquiree's carrying amount HK\$'000
Cash and cash equivalents	9,900	9,900
Property, plant and equipment	259	259
Inventories	241	241
Trade and other receivables	1,274	1,274
Trade and other payables	(5,751)	(5,751)
	<hr/>	<hr/>
Net assets	5,923	5,923
Minority interests (47%)	(2,784)	
	<hr/>	
Net assets acquired	<u>3,139</u>	
		HK\$'000
		<hr/>
Purchase consideration settled in cash		(7,882)
Cash and cash equivalents acquired		9,900
		<hr/>
Cash inflow on acquisition of subsidiary		<u>2,018</u>

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

### 17. RELATED PARTY TRANSACTIONS

During the period, the Group entered into the following transactions with certain related parties:

	Rental income received from related companies		Management fee received from related companies		Other income received from related companies		Other expense paid to related companies		Amounts due from related companies	
	2009 HK\$'000 (unaudited)	2008 HK\$'000 (unaudited)	2009 HK\$'000 (unaudited)	2008 HK\$'000 (unaudited)	2009 HK\$'000 (unaudited)	2008 HK\$'000 (unaudited)	2009 HK\$'000 (unaudited)	2008 HK\$'000 (unaudited)	2009 HK\$'000 (unaudited)	2008 HK\$'000 (unaudited)
Associates	478	330	-	-	11	301	31	242	33	61
Fellow subsidiaries of associates	-	-	-	-	-	18	-	18	236	254
Related companies by common directors	-	113	-	60	-	-	-	-	-	-

### 18. CAPITAL COMMITMENTS

The Group had capital commitments in relation to the purchase of exploration and production properties for an exploration project at the date of statement of financial position date as follows:

	30 September 2009 HK\$'000	31 March 2009 HK\$'000
Contracted but not provided for	29,673	37,591

The Company did not have any capital commitment as at 30 September 2009 (31.3.2009: Nil).

### 19. INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend in respect of the six months ended 30 September 2009 (2008: Nil).

### 20. COMPARATIVE FIGURES

As a result of the application of HKAS 1 (revised 2007), Presentation of Financial Statements, and HKFRS 8, Operating Segments, certain comparative figures have been adjusted to conform to current period's presentation and to provide comparative amounts in respect of items disclosed for the first time in 2009.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Results

For the period ended 30 September 2009, the Group's overall turnover decreased by approximately 30.3% to HK\$18,072,000, of which approximately HK\$12,402,000, HK\$167,000, HK\$3,311,000 and HK\$2,192,000 (2008: HK\$18,537,000, nil, HK\$3,475,000 and HK\$3,902,000) were attributable to our business of publication, Chinese information infrastructure, property investment and crude oil exploration services respectively.

The Group's consolidated net loss attributable to the equity holders of the Company changed from HK\$60,244,000 or HK8.5 cents per share in 2008 to approximately HK\$2,174,000, or HK0.32 cents per share in this period and this was primarily due to the fair value increase of HK\$16,972,000 (2008: decrease of HK\$46,029,000) in the portfolio of investment as valuation of all asset classes rebounded from their deep discount globally. Being a prudent investor, the Group invested the excess liquidity carried-forward from prior period in financially sound instruments and specifically avoided many of the toxic financial instruments and derivatives that brought down the global financial market. Also, as of 30 September 2009, the Group's net asset value was HK\$627,125,000 and net asset value per weighted average number of 689,263,614 shares of the Company was approximately HK\$0.91 (31 March 2009: HK\$0.88).

### Liquidity and financial resources

As at 30 September 2009, the Group had bank and deposits with financial institutions balances in aggregate of approximately HK\$142,135,000 and financial assets at fair value through profit and loss of approximately HK\$103,175,000. The Group has no significant exposure to foreign exchange rate fluctuation. As of 30 September 2009, the Group had a net current asset of approximately HK\$260,889,000 (31 March 2009: HK\$261,538,000) and a current ratio of 12.17 (31 March 2009: 8.91). The Group's total liabilities as of 30 September 2009 amounted to approximately HK\$82,864,000 and represented approximately 13.26% (31 March 2009: 15.01%) to equity holders. 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. Any future net proceeds from the fund raising and exercise of warrants and share options would certainly strengthen the positive outlook of the Group and propel it to an even stronger financial position.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### Warrants

On 31 October 2007, the Company entered into a placing and underwriting agreement with a placing agent in relation to the private placing of 1,140,000,000 warrants (“2010 Warrants”) conferring rights to subscribe up to HK\$157,320,000 in aggregate in cash for shares of the Company at an initial subscription price of HK\$0.138 per share during the two years period from 7 January 2008 to 6 January 2010, both days inclusive. The placing of 2010 Warrants was completed on 14 December 2007. The net issue proceeds of the placing of approximately HK\$23,105,000 was mainly used as general working capital of the Group. Upon the share consolidation with effect from 4 November 2008, the subscription price of the warrants of the Company was adjusted from HK\$0.138 per share to HK\$1.38 per consolidated share.

During the six months ended 30 September 2009, no registered holders of the 2010 Warrants exercised their rights to subscribe for the Company’s shares.

### Employment and Remuneration Policies

As of 30 September 2009, the Group had a total of 125 employees of which 46 are based in Hong Kong, 31 in Macau and 48 in the PRC. Total staff costs incurred during the period amounted to approximately HK\$9,482,000 (2008: HK\$7,265,000). Remuneration packages are maintained at competitive levels and reviewed by the management on a periodical basis. Discretionary bonuses and incentive share options are awarded to certain directors and employees according to the assessment of individual merit and performance.

### INTERIM DIVIDEND

The Board of Directors of the Company has resolved not to declare an interim dividend for the six months ended 30 September 2009 (2008: nil).

### REPURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company repurchased totaling 20,270,000 ordinary shares on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) during the year ended 31 March 2009. 20,070,000 ordinary shares were cancelled during the year ended 31 March 2009 and the remaining 200,000 ordinary shares were cancelled on 7 April 2009.

Neither the Company nor its subsidiaries have purchased, sold or redeemed any of the listed securities in the Company during the six months ended 30 September 2009.

## SHARE OPTION SCHEMES

The Company has terminated its share option scheme adopted on 15 June 1993 (the "1993 Scheme") and adopted a new share option scheme (the "2002 Scheme") on its 2002 Annual General Meeting held on 21 August 2002.

Subsequent to the termination of the 1993 Scheme, no further share options can be granted thereunder but in all other respects, the provisions of the 1993 Scheme shall remain in force and all share options granted prior to such termination shall continue to be valid and exercisable in accordance therewith.

Details of the movement of the share options granted to the Directors and employees of the Company under the 1993 Scheme during the six months ended 30 September 2009 are as follows:

	Date of Grant	Number of share options (Note 1)					At 30 September 2009	Exercise price per share (Note 1) HK\$	Exercisable Period
		At 1 April 2009	Granted during the period	Exercised during the period	Lapsed/Cancelled during the period				
<b>(a) Directors</b>									
Mr. Cheung Wai Tung	3 March 2000	456,500	-	-	-	456,500	16.80	3 March 2000 to 2 March 2010	
Mr. Chu Bong Foo	(i) 27 August 1999	1,000,000	-	-	1,000,000	-	2.64	27 August 1999 to 26 August 2009	
	(ii) 3 March 2000	200,000	-	-	-	200,000	16.80	3 March 2000 to 2 March 2010	
Mr. Henry Chang Manayan	(i) 27 August 1999	100,000	-	-	100,000	-	2.64	27 August 1999 to 26 August 2009	
	(ii) 3 March 2000	50,000	-	-	-	50,000	16.80	3 March 2000 to 2 March 2010	
Mr. Wan Xiaolin	3 March 2000	100,000	-	-	-	100,000	16.80	3 March 2000 to 2 March 2010	
Mr. Tai Cheong Sao (Note 3)	3 March 2000	300,000	-	-	-	300,000	16.80	3 March 2000 to 2 March 2010	
Mr. Tang U Fai	3 March 2000	100,000	-	-	-	100,000	16.80	3 March 2000 to 2 March 2010	
<b>(b) Employees</b>									
	3 March 2000	890,000	-	-	-	890,000	16.80	3 March 2000 to 2 March 2010	

## SHARE OPTION SCHEMES (CONTINUED)

Details of the movement of the share options granted under the 2002 Scheme during the six months ended 30 September 2009 are as follows:

	Date of Grant	Number of share options (Note 1)			At 30 September 2009	Exercise price per share (Note 1)	Exercisable Period	
		At 1 April 2009	Granted during the period	Exercised during the period				Lapsed/Cancelled during the period
						HK\$		
(a) <b>Directors</b>								
Mr. Cheung Wai Tung	19 December 2003	400,000	-	-	-	400,000	2.65	19 December 2003 to 18 December 2013
Mr. Kwan Kin Chung	(i) 7 July 2006	800,000	-	-	-	800,000	1.01	7 July 2006 to 6 July 2016
	(ii) 29 June 2007	100,000	-	-	-	100,000	2.37	29 June 2007 to 28 June 2017
	(iii) 6 November 2007	800,000	-	-	-	800,000	1.56	6 November 2007 to 5 November 2017
Mr. Henry Chang Manayan	19 December 2003	100,000	-	-	-	100,000	2.65	19 December 2003 to 18 December 2013
Mr. Wan Xiaolin	19 December 2003	300,000	-	-	-	300,000	2.65	19 December 2003 to 18 December 2013
Mr. Tai Cheong Sao (Note 3)	(i) 19 December 2003	200,000	-	-	-	200,000	2.65	19 December 2003 to 18 December 2013
	(ii) 24 March 2005	150,000	-	-	-	150,000	2.95	24 March 2005 to 23 March 2015
Mr. Tang U Fai	(i) 19 December 2003	100,000	-	-	-	100,000	2.65	19 December 2003 to 18 December 2013
	(ii) 24 March 2005	1,600,000	-	-	-	1,600,000	2.95	24 March 2005 to 23 March 2015
	(iii) 7 July 2006	100,000	-	-	-	100,000	1.01	7 July 2006 to 6 July 2016
Mr. Tang Kwing Chuen Kenneth	7 July 2006	50,000	-	-	-	50,000	1.01	7 July 2006 to 6 July 2016

## SHARE OPTION SCHEMES (CONTINUED)

		Date of Grant	Number of share options (Note 1)			At 30 September 2009	Exercise price per share (Note 1)	Exercisable Period		
			At 1 April 2009	Granted during the period	Exercised during the period				Lapsed/Cancelled during the period	
						HK\$				
(b)	Employees	(i)	19 December 2003	3,040,000	-	-	-	3,040,000	2.65	19 December 2003 to 18 December 2013
		(ii)	24 March 2005	5,150,000	-	-	-	5,150,000	2.95	24 March 2005 to 23 March 2015
		(iii)	7 July 2006	950,000	-	-	-	950,000	1.01	7 July 2006 to 6 July 2016
		(iv)	29 June 2007	10,650,000	-	-	-	10,650,000	2.37	29 June 2007 to 28 June 2017
		(v)	6 November 2007	12,700,000	-	-	-	12,700,000	1.56	6 November 2007 to 5 November 2017
(c)	Others	(i)	19 December 2003	1,770,000	-	-	-	1,770,000	2.65	19 December 2003 to 18 December 2013
		(ii)	24 March 2005	20,050,000	-	-	-	20,050,000	2.95	24 March 2005 to 23 March 2015
		(iii)	3 October 2005	3,000,000	-	-	-	3,000,000	2.12	3 October 2005 to 2 October 2015
		(iv)	7 July 2006	11,690,000	-	-	-	11,690,000	1.01	7 July 2006 to 6 July 2016
		(v)	29 June 2007	29,250,000	-	-	-	29,250,000	2.37	29 June 2007 to 28 June 2017
		(vi)	6 November 2007	41,700,000	-	-	-	41,700,000	1.56	6 November 2007 to 5 November 2017

### Notes:

- The number of options granted and the exercise price of the options were adjusted when the Share Consolidation became effective on 4 November 2008. For further details, please refer to the announcements of the Company dated 6 October and 3 November 2008 and the circular dated 16 October 2008.
- The options exercise period is commenced from the date of grant for ten years. The options may be exercised at any time with the option period provided that the options have been vested. As at 30 September 2009, all options have been vested.
- Mr. Tai Cheong Sao resigned as executive Director of the Company on 22 October 2009.

## DISCLOSURE OF INTERESTS

### (a) Interests of the Directors

As at 30 September 2009, the interests and short positions of each Director and chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he/she is taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange:

#### *Interests in the shares of the Company*

Name of Director	Capacity	Nature of interests	Number of shares held	Approximate percentage of issued share capital
Mr. Cheung Wai Tung	Beneficial owner	Personal interest	188,600	0.03%
Mr. Chu Bong Foo	(i) Beneficial owner (ii) Interests of a controlled corporation	Personal interest Corporate interest	16,018,000 12,287,200 (Note)	4.11%
Mr. Henry Chang Manayan	Beneficial owner	Personal interest	200,000	0.03%
Mr. Wan Xiaolin	Beneficial owner	Personal interest	50,000	0.01%
Mr. Tang Kwing Chuen Kenneth	Beneficial owner	Personal interest	380,000	0.06%

Note: 12,287,200 shares are held by Bay-Club Enterprises Inc., the entire issued share capital of which is beneficially owned by Mr. Chu Bong Foo.

All interests stated above represent long positions.

**DISCLOSURE OF INTERESTS (CONTINUED)****(a) Interests of the Directors (continued)*****Interests in the warrants of the Company***

Name of Director	Capacity	Nature of interests	Number of underlying shares held	Approximate percentage of issued share capital
Mr. Tang Kwing Chuen Kenneth	Beneficial owner	Personal interest	1,500,000	0.22%

All interests stated above represent long positions.

***Interests in shares of associated corporation of the Company***

Name of associated corporation	Name of Director	Capacity	Nature of interests	Number of shares held	% of issued share capital of the associated corporation
China Bio Cassava Holdings Limited	Mr. Kwan Kin Chung	Beneficial owner	Personal interest	16,000,000 (Note 1)	0.20%
	Mr. Chung Billy	Beneficial owner	Personal interest	8,880,000 (Note 2)	0.11%
	Mr. Tang U Fai	Beneficial owner	Personal interest	4,000,000 (Note 3)	0.05%

Notes:

1. Mr. Kwan Kin Chung is beneficially interested in 16,000,000 share options in China Bio Cassava Holdings Limited.
2. Mr. Chung Billy is beneficially interested in 6,880,000 shares and 2,000,000 share options in China Bio Cassava Holdings Limited.
3. Mr. Tang U Fai is beneficially interested in 4,000,000 share options in China Bio Cassava Holdings Limited.

All interests stated above represent long positions.

## DISCLOSURE OF INTERESTS (CONTINUED)

### (a) Interests of the Directors (continued)

#### *Interests in share options of the Company*

Name of Director	Capacity	Nature of interests	Number of share options (Note 1)	Exercise price per share (Note 1)	Exercisable period	Approximate percentage of issued share capital	
				HK\$			
Mr. Cheung Wai Tung	(i)	Beneficial owner	Personal interest	456,500	16.80	3 March 2000 to 2 March 2010	0.12%
	(ii)	Beneficial owner	Personal interest	400,000	2.65	19 December 2003 to 18 December 2013	
Mr. Chu Bong Foo	(i)	Beneficial owner	Personal interest	200,000	16.80	3 March 2000 to 2 March 2010	0.03%
Mr. Kwan Kin Chung	(i)	Beneficial owner	Personal interest	800,000	1.01	7 July 2006 to 6 July 2016	0.25%
	(ii)	Beneficial owner	Personal interest	100,000	2.37	29 June 2007 to 28 June 2017	
	(iii)	Beneficial owner	Personal interest	800,000	1.56	6 November 2007 to 5 November 2017	
Mr. Henry Chang Manayan	(i)	Beneficial owner	Personal interest	50,000	16.80	3 March 2000 to 2 March 2010	0.02%
	(ii)	Beneficial owner	Personal interest	100,000	2.65	19 December 2003 to 18 December 2013	
Mr. Wan Xiaolin	(i)	Beneficial owner	Personal interest	100,000	16.80	3 March 2000 to 2 March 2010	0.06%
	(ii)	Beneficial owner	Personal interest	300,000	2.65	19 December 2003 to 18 December 2013	

**DISCLOSURE OF INTERESTS (CONTINUED)****(a) Interests of the Directors (continued)***Interests in share options of the Company (continued)*

Name of Director	Capacity	Nature of interests	Number of share options (Note 1)	Exercise price per share (Note 1)	Exercisable period	Approximate percentage of issued share capital
				HK\$		
Mr. Tai Cheong Sao (Note 3)	(i) Beneficial owner	Personal interest	300,000	16.80	3 March 2000 to 2 March 2010	0.09%
	(ii) Beneficial owner	Personal interest	200,000	2.65	19 December 2003 to 18 December 2013	
	(iii) Beneficial owner	Personal interest	150,000	2.95	24 March 2005 to 23 March 2015	
Mr. Tang U Fai	(i) Beneficial owner	Personal interest	100,000	16.80	3 March 2000 to 2 March 2010	0.28%
	(ii) Beneficial owner	Personal interest	100,000	2.65	19 December 2003 to 18 December 2013	
	(iii) Beneficial owner	Personal interest	1,600,000	2.95	24 March 2005 to 23 March 2015	
	(iv) Beneficial owner	Personal interest	100,000	1.01	7 July 2006 to 6 July 2016	
Mr. Tang Kwing Chuen Kenneth	Beneficial owner	Personal interest	50,000	1.01	7 July 2006 to 6 July 2016	0.01%

*Notes:*

1. The number of options granted and the exercise price of the options were adjusted when the Share Consolidation became effective on 4 November 2008. For further details, please refer to the announcements of the Company dated 6 October and 3 November 2008 and the circular dated 16 October 2008.
2. The options exercise period is commenced from the date of grant for ten years. The options may be exercised at any time with the option period provided that the options have been vested. As at 30 September 2009, all options have been vested.
3. Mr. Tai Cheong Sao resigned as executive Director of the Company on 22 October 2009.

All interests stated above represent long positions.

## DISCLOSURE OF INTERESTS (CONTINUED)

### (a) Interests of the Directors (continued)

#### *Interests in share options of the Company (continued)*

Save as disclosed above, as at 30 September 2009, none of the Directors nor chief executive of the Company had interests or short positions in any securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he/she is taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange.

### (b) Interests of Substantial Shareholder

As at 30 September 2009, so far as is known to any Director or chief executive of the Company, the following person had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register to be kept by the Company under Section 336 of the SFO:

#### (a) *Interests in the shares of the Company*

Name	Capacity	Number of shares held	Approximate percentage of issued share capital
Wealthy Concept Holdings Limited	Beneficial owner	60,000,000	8.71%
Mr. Liao Chang Yuan	Interests in a controlled corporation (Note 1)	60,000,000	8.71%
L & W Holding Limited	Beneficial owner	54,332,400	7.88%
Harvest Smart Overseas Limited	Beneficial owner and interests in controlled corporation (Note 2)	101,944,000	14.79%
Mr. Basilio Dizon	Interests in a controlled corporation (Note 3)	182,529,600	26.47%
Ms. Chow Lai Wah Livia	Interests in a controlled and interests of spouse (Note 4)	182,529,600	26.47%

**DISCLOSURE OF INTERESTS (CONTINUED)****(b) Interests of Substantial Shareholder (continued)****(b) Interests in the warrants of the Company**

Name	Capacity	Number of underlying ordinary shares <i>(Note 6)</i>
Mr. Basilio Dizon	Beneficial owner and interests of spouse <i>(Note 5)</i>	21,370,000
Ms. Chow Lai Wah Livia	Beneficial owner and interests of spouse <i>(Note 5)</i>	21,370,000

*Notes:*

- Mr. Liao Chang Yuan is interested in 40% of the issued share capital of the issued share capital of Wealthy Concept Holdings Limited, he is deemed to be interested in 60,000,000 shares in the Company under SFO.
- Harvest Smart Overseas Limited ("Harvest Smart") is beneficially interested in 75,354,600 shares and is deemed to be interested in 26,589,400 shares held by Chamberlin Investments Limited ("Chamberlin"). Harvest Smart has controlling interests (36.46%) in Viagold Capital Limited ("Viagold") and Chamberlin is a wholly owned subsidiary of Viagold. Therefore, Harvest Smart is deemed to be interested in 26,589,400 shares in the Company under SFO.
- Mr. Basilio Dizon ("Mr. Dizon") has controlling interests 35% and 90.77% in L & W Holding Limited ("L & W") and Harvest Smart respectively. Ms. Chow Lai Wah Livia ("Ms. Chow"), the wife of Mr. Dizon, is beneficially interested in 26,253,200 shares in the Company, therefore, Mr. Dizon is deemed to be interested in 182,529,600 shares in the Company under SFO.
- Ms. Chow is beneficially interested in 26,253,200 shares in the Company. She is the wife of Mr. Dizon and has controlling interests in L & W. Accordingly, Ms. Chow is deemed to be interested in 156,276,400 shares in the Company under SFO.
- Mr. Dizon and Ms. Chow held 12,870,000 and 8,500,000 underlying shares in the Company respectively. Ms. Chow is the wife of Mr. Dizon, therefore, Mr. Dizon and Ms. Chow are deemed to be interests in 21,370,000 underlying shares in the Company under SFO.
- The subscription price of the warrants were adjusted when the Share Consolidation became effective on 4 November 2008. For further to the announcements of the Company dated 6 October and 3 November 2008 and the circular dated 16 October 2008.

All interests stated above represent long positions.

## DISCLOSURE OF INTERESTS (CONTINUED)

### (b) Interests of Substantial Shareholder (continued)

Save as disclosed above, as at 30 September 2009, the Directors and the chief executive of the Company were not aware of any person who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register to be kept by the Company under Section 336 of the SFO.

## INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. Lai Man To has retired by rotation at the annual general meeting of the Company held on 3 September 2009 and did not offer himself for re-election as an independent non-executive Director of the Company. Following the retirement of Mr. Lai, the total number of independent non-executive Directors falls below the minimum number required under Rule 3.10(1) of the Listing Rules.

Mr. Tsang Wai Wa was appointed as independent non-executive Director of the Company on 17 November 2009. Following the appointment of Mr. Tsang, the board of directors of the Company includes three independent non-executive directors and has complied with the required of Rule 3.10(1) of the Listing Rules.

## AUDIT COMMITTEE

As at 30 September 2009, the Audit Committee comprises two members, namely Mr. Joseph Lee Chennault and Mr. Lai Qiang. The total number of members falls below the minimum number required under Rule 3.21 of the Listing Rules.

Mr. Tsang Wai Wa was appointed as a member of Audit Committee on 17 November 2009. Following the appointment of Mr. Tsang, the audit committee includes three members and has complied with the required of Rule 3.21 of the Listing Rules.

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, currently comprises three independent non-executive Directors, namely Mr. Tsang Wai Wa, Mr. Joseph Lee Chennault and Mr. Lai Qiang. 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 unaudited interim results for the six months ended 30 September 2009.

## 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 2009 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. Cheung Wai Tung was unable to attend the annual general meeting of the Company held on 3 September 2009 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 six months ended 30 September 2009.

By Order of the Board  
**CULTURECOM HOLDINGS LIMITED**  
**Cheung Wai Tung**  
*Chairman*

Hong Kong, 21 December 2009