

2014 | 2015



(Stock Code : 00343)

CULTURECOM 

CORPORATE INFORMATION

NON-EXECUTIVE DIRECTOR

Mr. Chu Bong Foo (*Chairman*)

EXECUTIVE DIRECTORS

Ms. Chow Lai Wah Livia (*Vice Chairman*)

Dr. Lai Tak Kwong, Andrew
(*Chief Executive Officer*)

Mr. Kwan Kin Chung (*Managing Director*)

Mr. Chung Billy

Mr. Tang U Fai

Mr. Tang Kwing Chuen Kenneth

Mr. Chen Man Lung

Mr. Wan Xiaolin

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tsang Wai Wa

Mr. Joseph Lee Chennault

Mr. Lai Qiang

Ms. Ng Ying

COMPANY SECRETARY

Mr. Leung Kee Wai

CORPORATE GOVERNANCE COMMITTEE

Mr. Chen Yen Lung

Ms. Chow Lai Wah Livia

Mr. Tang Kwing Chuen Kenneth

Ms. Mak Wing Shuen Jennie

AUDIT COMMITTEE

Mr. Tsang Wai Wa

Mr. Joseph Lee Chennault

Mr. Lai Qiang

REMUNERATION COMMITTEE

Mr. Tsang Wai Wa

Mr. Wan Xiaolin

Mr. Lai Qiang

NOMINATION COMMITTEE

Ms. Chow Lai Wah Livia

Mr. Tsang Wai Wa

Mr. Lai Qiang

PRINCIPAL BANKER

The Hongkong and Shanghai Banking
Corporation Limited

SOLICITORS

Michael Li & Co.
Appleby

AUDITOR

Deloitte Touche Tohmatsu

PUBLIC RELATION

Wonderful Sky Financial Group Limited

REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

PRINCIPAL OFFICE

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

PRINCIPAL REGISTRAR

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

BRANCH REGISTRAR

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

COMPANY WEBSITE

www.culturecom.com.hk

STOCK CODE

343

WARRANT CODE

1453

CHAIRMAN'S STATEMENT

BUSINESS REVIEW

As reported in the 2014 final results published in June 2014, our Group has already been in an execution mode, rolling out the business strategies we have been planning in the last few years. We are excited to update you that Ucan.com has launched our mobile retail apps software PP Mobile Mall Apps software, which is a highly competitive total retail apps solution to any retailer who had been looking for affordable solution for their mobile retailing initiative. With PP Mobile Mall Apps software, our merchant clients will have their own customized e-commerce apps, and so their market coverage will no longer be confined by the storage of their physical premises nor their geographical reach. With cloud hosting, payment and settlement backend linked to the apps, e-commerce has become trouble free to those who could not afford such system in the past.

To us, the demand of PP Mobile Mall Apps software extends beyond China, the country with the biggest mobile subscriber base and mobile transaction penetration. At such competitive pricing, we see demand from all the retailers around the world who are yet to have their own customized apps for their e-commerce plan, thus completing their Online-to-Offline (O2O) business model.

Turning to our cultural and entertainment businesses, our 3D movie theatre multiplex in western Guangdong continued to gain traction. Within the multiplex, we provide entertainment and merchandise of superb quality for our future generations and their families. We will also soon roll out preschool education services within the well designed facilities. This is very much welcome and highly supported by the local government for our excellent services provided to the local community. During the period, over HK\$2,083,000 revenue was reported. What is equally encouraging to us is that our practice of social responsibility has already attracted other local governments to invite us to replicate our successful business model in different locations. We believe our shareholders will also be proud of this development.

With our PP Mobile Mall Apps software and our growing 3D movie theatre multiplex business, we have enabled an O2O platform for both offline business and e-commerce, offering mobile retailing software, quality products and services targeting the fast growing mainland China market and actually also now reaching the global marketplace.

CHAIRMAN'S STATEMENT

PROSPECTS

We are seeing our persistence in the previous years is starting to bear fruits. Encouraged by the progress reported above, we are nevertheless fully prepared for the need of fine-tuning and challenges ahead, which are inevitable as everyone knows. We would ensure our shareholders that all of us in the Group would make our very best efforts in the course of our execution.

APPRECIATION

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



REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte.
德勤

TO THE BOARD OF DIRECTORS OF CULTURECOM HOLDINGS LIMITED
(incorporated in the Bermuda with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Culturecom Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 5 to 28, which comprise the condensed consolidated statement of financial position as of 30 September 2014 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
26 November 2014

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

	Notes	Six months ended 30 September	
		2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Continuing operations			
Revenue	3	12,808	13,941
Cost of sales		(5,888)	(6,030)
Gross profit		6,920	7,911
Other income and other gains and losses	4	2,880	1,196
Administrative expenses		(45,143)	(43,411)
Loss on fair value changes of held-for-trading investments		(4,262)	(3,687)
Share of losses of associates		(636)	(931)
Cost incurred to develop online business	6	(6,623)	(13,330)
Finance costs	7	-	(2)
Loss before tax		(46,864)	(52,254)
Income tax expense	8	(54)	(40)
Loss for the period from continuing operations		(46,918)	(52,294)
Discontinued operations			
Loss for the period from discontinued operations	9	-	(9,428)
Loss for the period	10	(46,918)	(61,722)
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of group entities		(3,698)	1,124
Other comprehensive (expense) income for the period		(3,698)	1,124
Total comprehensive expense for the period		(50,616)	(60,598)

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

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

	Note	Six months ended 30 September	
		2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Loss for the period attributable to:			
Owners of the Company			
– Loss for the period from continuing operations		(42,652)	(50,850)
– Loss for the period from discontinued operations		–	(8,332)
		<u>(42,652)</u>	<u>(59,182)</u>
Non-controlling interests			
– Loss for the period from continuing operations		(4,266)	(1,444)
– Loss for the period from discontinued operations		–	(1,096)
		<u>(4,266)</u>	<u>(2,540)</u>
		<u>(46,918)</u>	<u>(61,722)</u>
Total comprehensive expense for the period attributable to:			
Owners of the Company		(46,349)	(58,203)
Non-controlling interests		(4,267)	(2,395)
		<u>(50,616)</u>	<u>(60,598)</u>
LOSS PER SHARE	12		
From continuing and discontinued operations			
Basic (HK cents)		<u>(3.6)</u>	<u>(5.1)</u>
Diluted (HK cents)		<u>(3.6)</u>	<u>(5.1)</u>
From continuing operations			
Basic (HK cents)		<u>(3.6)</u>	<u>(4.4)</u>
Diluted (HK cents)		<u>(3.6)</u>	<u>(4.4)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2014

	Notes	30 September 2014 HK\$'000 (unaudited)	31 March 2014 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	13	15,834	15,854
Interests in associates		9,975	10,611
Intangible assets		2,145	2,905
Deferred tax assets		2,264	2,318
Loan to an associate		3,922	4,450
Goodwill		2,796	2,796
Available-for-sale financial asset		2	-
		36,938	38,934
Current assets			
Inventories		74,716	51,365
Trade receivables	14	4,011	2,932
Other receivables, deposits and prepayments	14	23,617	66,802
Held-for-trading investments		10,760	19,267
Amounts due from associates		51	48
Tax recoverables		28	61
Bank balances and cash		177,845	182,802
		291,028	323,277

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**(Continued)**

AT 30 SEPTEMBER 2014

	Notes	30 September 2014 HK\$'000 (unaudited)	31 March 2014 HK\$'000 (audited)
Current liabilities			
Trade payables	15	370	361
Other payables and accrued charges	15	25,845	33,601
Tax payable		130	130
		26,345	34,092
Net current assets		264,683	289,185
Net assets		301,621	328,119
Capital and reserves			
Share capital	16	11,716	11,716
Reserves		307,358	329,589
Equity attributable to owners of the Company		319,074	341,305
Non-controlling interests		(17,453)	(13,186)
		301,621	328,119

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

	Attributable to owners of the Company								Non-controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Contribution surplus HK\$'000 (Note a)	Warrant reserve HK\$'000 (Note b)	Capital redemption reserve HK\$'000	Translation reserve HK\$'000	Share option reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	
At 1 April 2013 (audited)	10,928	1,755,580	171,671	22,829	446	32,111	63,619	(1,567,058)	490,126	527,652
Loss for the period	-	-	-	-	-	-	-	(59,182)	(59,182)	(61,722)
Other comprehensive income										
Exchange differences on translation of group entities	-	-	-	-	-	979	-	-	979	1,124
Total comprehensive expense for the period	-	-	-	-	-	979	-	(59,182)	(58,203)	(60,598)
Exercise of warrants	788	21,287	-	-	-	-	-	-	22,075	22,075
Transfer from warrant reserve to share premium due to exercise of warrants	-	15,186	-	(15,186)	-	-	-	-	-	-
Lapse of warrants	-	-	-	(151)	-	-	-	151	-	-
At 30 September 2013 (unaudited)	11,716	1,792,053	171,671	7,492	446	33,090	63,619	(1,626,089)	453,998	489,129
At 1 April 2014 (audited)	11,716	1,792,053	171,671	7,492	446	3,939	68,124	(1,714,136)	341,305	328,119
Loss for the period	-	-	-	-	-	-	-	(42,652)	(42,652)	(46,918)
Other comprehensive income										
Exchange differences on translation of group entities	-	-	-	-	-	(3,697)	-	-	(3,697)	(3,698)
Total comprehensive expense for the period	-	-	-	-	-	(3,697)	-	(42,652)	(46,349)	(50,616)
Issue of warrants (note 17)	-	-	-	25,200	-	-	-	-	25,200	25,200
Expense incurred on warrant issue (note 17)	-	-	-	(1,082)	-	-	-	-	(1,082)	(1,082)
At 30 September 2014 (unaudited)	11,716	1,792,053	171,671	31,610	446	242	68,124	(1,756,788)	319,074	301,621

Notes:

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

	Six months ended 30 September	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
NET CASH USED IN OPERATING ACTIVITIES	(24,180)	(87,717)
INVESTING ACTIVITIES		
Interest received	137	261
Purchase of property, plant and equipment	(1,245)	(3,958)
Deposits paid for acquisition of property, plant and equipment and online business development	-	(5,363)
Investments in intangible assets	-	(5,298)
Investment in a joint venture	-	(1)
Short term loan to an associate	-	(6,240)
NET CASH USED IN INVESTING ACTIVITIES	(1,108)	(20,599)
FINANCING ACTIVITIES		
Proceeds from issue of warrants	25,200	-
Proceeds from exercise of warrants issued	-	22,075
Repayments of obligation under finance leases	-	(7)
Expenses paid on warrants issue	(1,082)	-
NET CASH FROM FINANCING ACTIVITIES	24,118	22,068
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,170)	(86,248)
CASH AND CASH EQUIVALENTS AT 1 APRIL	182,802	300,461
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(3,787)	1,360
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER, represented by bank balances and cash	177,845	215,573

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

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

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2014 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2014.

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) – Int 21	Levies

The application of the above new interpretation and amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. REVENUE

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

	Six months ended 30 September	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Continuing operations		
Publishing	5,835	4,857
Retailing and wholesales	3,260	8,865
Catering	1,630	219
Chinese information infrastructure and online social music gaming platform	2,083	-
	12,808	13,941

4. OTHER INCOME AND OTHER GAINS AND LOSSES

	Six months ended 30 September	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Continuing operations		
Rental income	-	11
Interest income from an associate	100	44
Interest income on bank deposits	137	261
Dividend received from listed equity securities	23	91
Net foreign exchange gain	11	274
Loss on disposal of property, plant and equipment	-	(54)
Sundry income	106	569
Reversal of impairment loss on trade receivables	2,503	-
	2,880	1,196

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. SEGMENT INFORMATION

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

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

Continuing operations

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

Discontinued operations

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

Notes:

- (a) All transactions between different operating segments are charged at prevailing market rates.
- (b) Targets customers are mainly in the PRC, Hong Kong and Taiwan for this segment. The operation of this segment has started during the year ended 31 March 2014.
- (c) On 6 February 2013, the Group has entered into a sales and purchase agreement to dispose of 100% equity interest in Raise Beauty Investments Limited and its subsidiaries to an independent third party. In accordance with HKFRS 5, the Group's business of crude oil exploration services is regarded as discontinued operations. The transaction was completed in October 2013 and the subsidiary has been fully disposed of as at 31 March 2014.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. SEGMENT INFORMATION (Continued)

Segment revenue and results

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

For the period ended 30 September 2014 (unaudited)

Continuing operations

	Publishing HK\$'000	Chinese information infrastructure and online social music gaming platform HK\$'000	Retailing and wholesales HK\$'000	Catering HK\$'000	Elimination HK\$'000	Consolidated HK\$'000
Revenue						
External sales	5,835	2,083	3,260	1,630	-	12,808
Inter-segment sales	-	-	31	-	(31)	-
	5,835	2,083	3,291	1,630	(31)	12,808
Segment results	494	(27,753)	(4,715)	(873)	-	(32,847)
Unallocated expenses						(16,661)
Unallocated incomes						2,644
Finance costs						-
Loss before tax from continuing operations						(46,864)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. SEGMENT INFORMATION (Continued)

For the period ended 30 September 2013 (unaudited)

Continuing operations

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. COST INCURRED TO DEVELOP ONLINE BUSINESS

During the period ended 30 September 2013, the Group continued to invest in the business-development of an online social platform called Ucan.com that aims to provide virtual-reality social gaming platform to users who could interact with others in an online city. Approximately HK\$13,330,000 mainly related to platform improvement, imaging and advertising and promotion are expensed when they are incurred and has been included in the Chinese information infrastructure and online social music gaming platform segment.

As at 31 March 2014, the development of the online social platform is completed. Expenditures of HK\$4,394,000 that relate to the developing of the platform were capitalised as intangible assets.

During the period ended 30 September 2014, expenditures incurred for platform improvement, mobile applications improvement and promotion amounting approximately HK\$6,623,000 are expensed when they are incurred and has been included in the Chinese information infrastructure and online social music gaming platform segment.

7. FINANCE COSTS

	Six months ended 30 September	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Continuing operations		
Interest charges on finance leases	-	2

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. INCOME TAX EXPENSE

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

Hong Kong Profits Tax is calculated at 16.5% (2013: 16.5%) on the estimated assessable profits for both periods. Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

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

	Six months ended 30 September	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Continuing operations		
Deferred tax expense	54	40

9. DISCONTINUED OPERATIONS

On 6 February 2013, the Group has entered into a sales and purchase agreement (the "Agreement") regarding the disposal of 100% equity interest of Raise Beauty Investments Limited ("Raise Beauty" or the "Disposal Group"), the subsidiaries of the Group, which is engaged in crude oil exploration services business in the PRC (the "Disposal") at the total consideration of RMB80 million as stated in the Agreement (approximately equivalent to HK\$100,137,000, of which HK\$80,000,000 is used to settle the amount due from Raise Beauty to the Group and HK\$3,027,000 is used to pay for the professional fee regarding to this transaction), to an independent third party, Waveon Holdings Limited (the "Buyer") which the professional fee is borne by the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. DISCONTINUED OPERATIONS (Continued)

On 6 February 2013, 40% of the equity interest of Raise Beauty and the respective 40% of shareholder's right were transferred to the Buyer and the Group received 40% of the consideration of RMB32 million as stated in the Agreement (approximately equivalent to HK\$39,250,000, of which HK\$32,000,000 is used to settle the amount due from Raise Beauty to the Group and HK\$406,000 is used to pay for the professional fee regarding to this transaction on a pro rata basis). For the year ended 31 March 2013, the disposal of the 40% equity interest of Raise Beauty was treated as a transaction that does not give rise to the Group losing control over Raise Beauty and hence the 40% equity interest disposed of to the Buyer was recognised as non-controlling interest of the Group as at 31 March 2013 and 30 September 2013.

The assets and liabilities attributable to the crude oil exploration services business have been classified as the disposal group held for sale as at 30 September 2013 in accordance with HKFRS 5. The crude oil exploration services business has been presented as a discontinued operation in the consolidated statement of profit or loss and other comprehensive income for the six months ended 30 September 2013.

All conditions precedent under the sale and purchase agreement had been fulfilled and the disposal of remaining 60% equity interest of Raise Beauty was completed on 22 October 2013. The remaining proceeds of RMB48 million as stated in the Agreement (approximately equivalent to HK\$60,887,000, of which HK\$47,994,000 is used to settle the amount due from Raise Beauty to the Group and HK\$2,621,000 is used to pay for the professional fee regarding to this transaction on a pro rata basis) were received in cash. Upon completion, Raise Beauty ceased to be a subsidiary of the Group and its operating results were not consolidated into the Group's consolidated financial statements starting from the completion date.

The disposal of equity interest of Raise Beauty for 40% on 6 February 2013 and 60% on 22 October 2013, respectively are not conditional to each other. Hence, the disposals are treated separately.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. DISCONTINUED OPERATIONS (Continued)

The directors of the Company conducted an impairment assessment of the Group's crude oil exploration services business during the six months ended 30 September 2013 and determined the fair value less costs to sell of the disposal group by reference to the sales consideration set out in the Agreement. Accordingly, impairment losses on property, plant and equipment and exploration and production services right of approximately HK\$2,249,000 and HK\$5,550,000, respectively had been recognised in profit or loss, on a pro-rata basis based on the carrying amounts of these non-current assets in the disposal group for the impairment loss allocation.

Loss for the six months ended 30 September 2013 from discontinued operations was as follows:

	Six months ended 30 September 2013 HK\$'000 (unaudited)
Revenue	187
Cost of sales	(212)
Other income	-
Administrative expenses	(2,714)
Loss before tax	(2,739)
Income tax credit	1,110
Loss after tax of discontinued operations	(1,629)
Impairment loss on remeasurement of disposal group	
- property, plant and equipment	(2,249)
- intangible asset	(5,550)
	(9,428)
Loss for the period from discontinued operations	
- attributable to the owners of the Company	(8,332)
- attributable to non-controlling interests	(1,096)
	(9,428)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. DISCONTINUED OPERATIONS (Continued)

Loss for the period from the discontinued operations included the following:

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

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

	Six months ended 30 September 2013 HK\$'000 (unaudited)
Net cash outflows from operating activities	(3,870)
Net cash outflows from investing activities	(4)
Net cash inflows from financing activities	3,132
	<hr/>
Net cash outflows	(742)
	<hr/>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10. LOSS FOR THE PERIOD

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

	Six months ended 30 September	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Continuing operations		
Staff costs, including directors' emoluments	20,768	13,535
Depreciation of property, plant and equipment	1,352	949
Amortisation of intangible assets	760	-

11. DIVIDEND

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

12. LOSS PER SHARE

From continuing and discontinued operations

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

	Six months ended 30 September	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Loss for the period attributable to owners of the Company for the purposes of basic and diluted loss per share	(42,652)	(59,182)
Number of shares	2014 '000	2013 '000
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	1,171,614	1,158,448

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. LOSS PER SHARE (Continued)

From continuing operations

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

	Six months ended 30 September	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Loss figures are calculated as follows:		
Loss for the period attributable to owners of the Company	(42,652)	(59,182)
Less: Loss for the period from discontinued operations	-	(8,332)
Loss for the purposes of basic and diluted loss per share from continuing operations	(42,652)	(50,850)

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

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

From discontinued operations

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group acquired equipment of approximately HK\$1,245,000 (30 September 2013: HK\$3,958,000).

14. TRADE RECEIVABLES/OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

(a) Trade receivables

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

	30 September 2014 HK\$'000 (unaudited)	31 March 2014 HK\$'000 (audited)
0 – 60 days	1,564	1,386
61 – 90 days	402	58
91 – 180 days	1,796	153
Over 180 days	249	1,335
	4,011	2,932

Trade receivables are interest-free and unsecured.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

(b) Other receivables, deposits and prepayments

	30 September 2014 HK\$'000 (unaudited)	31 March 2014 HK\$'000 (audited)
Other receivables	5,995	4,535
Deposits and prepayments	17,622	62,267
Prepayment for the purchase of red wine	-	26,047
Deposit for the acquisition placed in an escrow account	-	21,112
Others	17,622	15,108
	23,617	66,802

15. TRADE PAYABLES/OTHER PAYABLES AND ACCRUED CHARGES

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

	30 September 2014 HK\$'000 (unaudited)	31 March 2014 HK\$'000 (audited)
0 – 60 days	352	337
61 – 90 days	-	-
Over 90 days	18	24
	370	361

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

16. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 April 2013, 30 September 2013, 31 March 2014 and 30 September 2014	200,000,000	2,000,000
Issued and fully paid:		
At 1 April 2013	1,092,774	10,928
Issue of new share on exercise of warrant (note 17)	78,840	788
At 30 September 2013, 31 March 2014 and 30 September 2014	1,171,614	11,716

17. WARRANTS

On 20 July 2012, the Company proposed to enter into a warrant subscription agreement in relation to the private placing of up to 76,790,000 warrants (the "2017 Warrants"), with subscription price of HK\$0.1, conferring rights to subscribe up to 76,790,000 new ordinary shares of the Company at an exercise price of HK\$1.20 per share, to not less than 6 warrant subscribers who are independent individual and/or corporate investor, which are exercisable during the 5 years period from 2 August 2012 to 1 August 2017, both days inclusive. The 2017 Warrants are classified as equity instruments. The placement is completed on 2 August 2012. As at 30 September 2014, nil unit of the 2017 Warrants have been exercised.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. WARRANTS (Continued)

On 30 July 2014, the Company entered into a placing agreement with an independent placing agent in relation to the private placing of up to 157,500,000 warrants (the "2016 Warrants"), with subscription price of HK\$0.16, conferring rights to subscribe for up to 157,500,000 new ordinary shares of the Company at an exercise price of HK\$0.75 per share, to not less than 300 placees who are independent third parties, which are exercisable during the two years from 22 September 2014 to 21 September 2016, both days inclusive. The placing of the 2016 Warrants was completed on 19 September 2014 and was classified as equity instruments.

The proceeds from the placing of approximately HK\$24,118,000, net of expenses incurred on warrants issue amounting HK\$1,082,000, were used as general working capital of the Company.

18. COMMITMENTS

The Group had the following commitments at the reporting date:

	30 September 2014 HK\$'000 (unaudited)	31 March 2014 HK\$'000 (audited)
Other commitment in respect of business development		
– Contracted for but not provided in the condensed consolidated financial statements (Note)	1,190	1,883
Other commitment in respect capital contributions to a joint development		
– Contracted for but not provided in the condensed consolidated financial statements	-	7,500

The Company did not have any capital commitments as at 30 September 2014.

Note: Being commitment for the development of online social music gaming platform, "Ucan.com", and development of mobile game applications.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets/ financial (liabilities)	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	30 September 2014	31 March 2014				
1) Listed equity securities classified as held for trading investment in the condensed consolidated statement of financial position	Assets - HK\$10,760,000	Assets - HK\$19,267,000	Level 1	Quoted bid prices in an active market	N/A	N/A

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

20. RELATED PARTY TRANSACTIONS/BALANCES

Details of related party transactions/balances are as follows:

For the six months ended 30 September 2014 and 2013, the Group had transactions with the following related parties during the period:

Nature of transaction	Name of related company/person	Relationship with the Group	Six months ended 30 September	
			2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Cost incurred to develop online business	廣州漫漫數碼科技有限公司	Subsidiary of an associate	6,069	-
Service fee paid	Q9 Technology Company Limited	Associate	-	120
Rental expenses	Dizon Basilio	Spouse of a director	164	164
Interest income received	Ucan Mobile Limited	Associate	(100)	(44)

At 30 September 2014, amounts due from associates amounting HK\$51,000 (31 March 2014: HK\$48,000) and loan to an associate amounting HK\$3,922,000 (31 March 2014: HK\$4,450,000).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

For the period ended 30 September 2014, the Group's overall turnover decreased slightly by approximately 8.1% to HK\$12,808,000, of which approximately HK\$5,835,000, HK\$2,083,000, HK\$3,260,000 and HK\$1,630,000 (30 September 2013: HK\$4,857,000, nil, HK\$8,865,000 and HK\$219,000) were attributable to our business of publishing, Chinese information infrastructure and online social music gaming platform, retailing and wholesales and catering. Our 3D movie theatre multiplex in Western Guangdong which has commenced operations in 2014 has recorded HK\$2,083,000 revenue during the period under review. This is included in the turnover of Chinese information infrastructure and online social music gaming platform.

The Group's consolidated net loss attributable to the owners of the Company in 2014 decreased by 27.9% to HK\$42,652,000 or 29.4% to HK3.6 cents per share (30 September 2013: loss of HK\$59,182,000 or HK5.1 cents per share). This was mainly due to the lower cost related to online business development and the non-existence of the loss from discontinued operations whose disposal was completed during the second half of the previous financial year.

Also, as at 30 September 2014, the Group's net asset value was approximately HK\$301,621,000 and net asset value per weighted average number of 1,171,614,000 shares of the Company was approximately HK\$0.26 (31 March 2014: HK\$0.28).

WARRANTS

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

On 30 July 2014, the Company entered into a placing agreement with an independent placing agent in relation to the private placing of up to 157,500,000 warrants (the "2016 Warrants"), with subscription price of HK\$0.16, conferring rights to subscribe for up to 157,500,000 new ordinary shares of the Company at an exercise price of HK\$0.75 per share, to not less than 300 placees who are independent third parties, which are exercisable during the two years from 22 September 2014 to 21 September 2016 (or the next business day after 21 September 2016 if 21 September 2016 is not a business day), both days inclusive. The placing of the 2016 Warrants was completed on 19 September 2014 and was classified as equity instruments.

The proceeds from the placing of approximately HK\$24,118,000, net of expenses incurred on warrants issue amounting HK\$1,082,000, were used as general working capital of the Company.

During the period, no 2016 Warrants subscriber exercised their rights to subscribe share.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2014, the Group had bank and deposits with financial institutions balances in aggregate of approximately HK\$177,845,000 and held for trading investments of approximately HK\$10,760,000. The Group has no significant exposure to foreign exchange rate fluctuation.

As at 30 September 2014, the Group had a net current asset of approximately HK\$264,683,000 (31 March 2014: HK\$289,185,000) and a current ratio of 11.0 (31 March 2014: 9.5). The Group's total liabilities as of 30 September 2014 amounted to approximately HK\$26,345,000 and represented approximately 8.3% (31 March 2014: 10.0%) to equity attributable to owners of the Company.

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

EMPLOYMENT AND REMUNERATION POLICIES

As of 30 September 2014, the Group had a total of 164 employees of which 80 are based in Hong Kong, 36 in Macau and 48 in PRC. Total staff costs incurred during the period amounted to approximately HK\$20,768,000 (30 September 2013: HK\$13,535,000). Remuneration packages are maintained at competitive levels and reviewed by the management on a periodical basis. Discretionary bonuses and incentive share options are awarded to certain directors and employees according to the assessment of individual merit and performance.

INTERIM DIVIDEND

The Board of the Company has resolved not to declare an interim dividend for the six months ended 30 September 2014 (2013: nil).

REPURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor its subsidiaries have purchased, sold and redeemed any of the listed securities in the Company during the six months ended 30 September 2014.

SHARE OPTION SCHEMES

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

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

The number of shares available for issue under the 2002 Scheme and 2013 Scheme as at the date of the Interim Report is 152,197,780 and 10,000,000 respectively, totalling 162,197,780 shares which in aggregate representing approximately 13.84% of the issued share capital of the Company as of that date.

Details of the movement of the share options granted to the Directors and employees of the Company under the 2002 Scheme and 2013 Scheme during the six months ended 30 September 2014 are as follows:

		Number of share options								
		Date of grant	At 1 April 2014	Transfer from other category during the period	Transfer to other category during the period	Lapsed during the period	Granted/ Exercised/ Cancelled during the period	At 30 September 2014	Exercise price	Exercise period
									HK\$	
(a) Directors										
Ms. Chow Lai Wah Livia	(i)	7 July 2006	548,500	-	-	-	-	548,500	0.92	7 July 2006 to 6 July 2016
	(ii)	29 June 2007	4,388,000 (Note 2)	-	-	-	-	4,388,000	2.16	29 June 2007 to 28 June 2017
Mr. Kwan Kin Chung	(i)	7 July 2006	877,600	-	-	-	-	877,600	0.92	7 July 2006 to 6 July 2016
	(ii)	29 June 2007	109,700	-	-	-	-	109,700	2.16	29 June 2007 to 28 June 2017
	(iii)	6 November 2007	877,600	-	-	-	-	877,600	1.42	6 November 2007 to 5 November 2017

SHARE OPTION SCHEMES

			Number of share options					At 30 September 2014	Exercise price	Exercise period
			At 1 April 2014	Transfer from other category during the period	Transfer to other category during the period	Lapsed during the period	Granted/ Exercised/ Cancelled during the period			
HK\$										
Mr. Tang U Fai	(i)	24 March 2005	1,755,200	-	-	-	-	1,755,200	2.69	24 March 2005 to 23 March 2015
	(ii)	7 July 2006	109,700	-	-	-	-	109,700	0.92	7 July 2006 to 6 July 2016
Mr. Tang Kwing Chuen Kenneth		7 July 2006	54,850	-	-	-	-	54,850	0.92	7 July 2006 to 6 July 2016
Mr. Chen Man Lung	(i)	24 March 2005	1,426,100	-	-	-	-	1,426,100	2.69	24 March 2005 to 23 March 2015
	(ii)	7 July 2006	713,050	-	-	-	-	713,050	0.92	7 July 2006 to 6 July 2016
	(iii)	29 June 2007	1,206,700	-	-	-	-	1,206,700	2.16	29 June 2007 to 28 June 2017
	(iv)	6 November 2007	1,645,500	-	-	-	-	1,645,500	1.42	6 November 2007 to 5 November 2017
(b) Employees	(i)	24 March 2005	4,388,000	-	-	-	-	4,388,000	2.69	24 March 2005 to 23 March 2015
	(ii)	7 July 2006	329,100	-	-	-	-	329,100	0.92	7 July 2006 to 6 July 2016
	(iii)	29 June 2007	10,476,350	-	-	-	-	10,476,350	2.16	29 June 2007 to 28 June 2017
	(iv)	6 November 2007	12,286,400	-	-	-	-	12,286,400	1.42	6 November 2007 to 5 November 2017
	(v)	25 October 2013 (Note 3)	5,000,000	-	-	-	-	5,000,000	1.398	25 October 2013 to 24 October 2016

SHARE OPTION SCHEMES

		Number of share options								
		Date of grant	At 1 April 2014	Transfer from other category during the period	Transfer to other category during the period	Lapsed during the period	Granted/ Exercised/ Cancelled during the period	At 30 September 2014	Exercise price	Exercise period
									HK\$	
(c) Others	(i)	24 March 2005	21,994,850	-	-	-	-	21,994,850	2.69	24 March 2005 to 23 March 2015
	(ii)	3 October 2005	3,291,000	-	-	-	-	3,291,000	1.93	3 October 2005 to 2 October 2015
	(iii)	7 July 2006	12,275,430	-	-	-	-	12,275,430	0.92	7 July 2006 to 6 July 2016
	(iv)	29 June 2007	27,699,250	-	-	-	-	27,699,250	2.16	29 June 2007 to 28 June 2017
	(v)	6 November 2007	45,744,900	-	-	-	-	45,744,900	1.42	6 November 2007 to 5 November 2017
	(vi)	5 November 2013 (Note 3)	5,000,000	-	-	-	-	5,000,000	1.42	5 November 2013 to 4 November 2016

Note:

1. The options exercise period is commenced from the date of grant for ten years, except those in Note 3. The options may be exercised at any time with the option period provided that the options have been vested. As at 30 September 2014, all options have been vested.
2. Mr. Dizon Basilio ("Mr. Dizon") has been granted 4,388,000 share options under the 2002 Scheme of the Company. Pursuant to the SFO, Ms. Chow Lai Wah Livia, the spouse of Mr. Dizon, is deemed to be interested in the share options granted to Mr. Dizon.
3. The options exercise period is commenced from the date of grant for three years. The options may be exercised at any time with the option period provided that the options have been vested. As at 30 September 2014, all options have been vested.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

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

DISCLOSURE OF INTERESTS

(A) INTERESTS OF THE DIRECTORS

As at 30 September 2014, the interests and short positions of each Director and chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which are required (a) to be notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he/she is taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange:

Interests in the shares of the Company

Name of Director	Capacity	Nature of interest	Number of shares held	Approximate percentage of issued share capital
Ms. Chow Lai Wah Livia	(i)	Beneficial owner	Personal interest	27.60%
	(ii)	Interests of a controlled corporation	Corporate interest	
	(iii)	Interests of spouse	Corporate interest and personal interest	
Mr. Tang Kwing Chuen Kenneth	Beneficial owner	Personal interest	32,962,800 258,288,600 (Note 1) 32,108,712 (Note 2) 135,000	0.01%
Mr. Wan Xiaolin	Beneficial owner	Personal interest	50,000	N/A
Mr. Chen Man Lung	Beneficial owner	Personal interest	200	N/A

Notes:

- Ms. Chow Lai Wah Livia ("Ms. Chow") has controlling interests in L&W Holding Limited ("L&W"). L&W is beneficially interested in 258,288,600 shares in the Company. Therefore, Ms. Chow is deemed to be interested in 258,288,600 shares in the Company under the SFO.
- Harvest Smart Overseas Limited ("Harvest Smart") is beneficially interested in 13,213,712 shares. Therefore, Ms. Chow is deemed to be interested in 13,213,712 shares in the Company under the SFO.

Mr. Dizon Basilio ("Mr. Dizon"), the spouse of Ms. Chow, is beneficially interested in 18,895,000 shares, and Mr. Dizon has controlling interests 100% in Harvest Smart. Therefore, Ms. Chow is deemed to be interested in 32,108,712 shares in the Company under the SFO.

All interests stated above represent long positions.

DISCLOSURE OF INTERESTS

(A) INTERESTS OF THE DIRECTORS (Continued)

Interests in shares of associated corporation of the Company

Name of associated corporation	Name of Director	Capacity	Nature of interest	Number of shares held	% of total issued share capital of the associated corporation
China Bio Cassava Holdings Limited	Mr. Kwan Kin Chung	Beneficial owner	Personal interest	6,450,000 (Note 1)	0.26%
	Mr. Chung Billy	Beneficial owner	Personal interest	800,000 (Note 2)	0.03%
	Mr. Tang U Fai	Beneficial owner	Personal interest	1,000,000 (Note 3)	0.04%
	Mr. Tsang Wai Wa	Beneficial owner	Personal interest	0 (Note 4)	0.00%

Notes:

1. Mr. Kwan Kin Chung is beneficially interested in 6,450,000 share options in China Bio Cassava Holdings Limited.
2. Mr. Chung Billy is beneficially interested in 300,000 ordinary shares and 500,000 share options in China Bio Cassava Holdings Limited.
3. Mr. Tang U Fai is beneficially interested in 1,000,000 share options in China Bio Cassava Holdings Limited.
4. Mr. Tsang Wai Wa was beneficially interested in 626,355 ordinary shares and 1,250,000 share options in China Bio Cassava Holdings Limited. Mr. Tsang Wai Wa has exercised 1,250,000 share options on 11 September 2014 and then sold all his ordinary shares on the same day.

All interests stated above represent long positions.

DISCLOSURE OF INTERESTS

(A) INTERESTS OF THE DIRECTORS (Continued)

Interests in share options of the Company

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

DISCLOSURE OF INTERESTS

(A) INTERESTS OF THE DIRECTORS (Continued)

Interests in share options of the Company (Continued)

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

Notes:

1. Mr. Dizon Basilio ("Mr. Dizon") has been granted 4,388,000 share options under the 2002 Scheme of the Company. Pursuant to the SFO, Ms. Chow, the spouse of Mr. Dizon, is deemed to be interested in the share options granted to Mr. Dizon.
2. The options exercise period is commenced from the date of grant for ten years. The option may be exercised at any time with the option period provided that the options have been vested. As at 30 September 2014, all options have been vested.

All interests stated above represent long positions.

Save as disclosed above, as at 30 September 2014, none of the Directors nor chief executive of the Company had interests or short positions in any securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he/she is taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange.

DISCLOSURE OF INTERESTS

(B) INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 30 September 2014, so far as is known to any Director or chief executive of the Company, the following person had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register to be kept by the Company under Section 336 of the SFO:

Interests in the shares and underlying shares of the Company

Name	Capacity	Number of shares held	Number of underlying shares held	Approximate percentage of issued share capital
L&W Holding Limited	Beneficial owner (Note 1)	258,288,600	-	22.05%
Harvest Smart Overseas Limited	Beneficial owner (Note 1)	13,213,712	-	1.13%
Mr. Dizon Basilio	Beneficial owner, interests in controlled corporation and interests of spouse (Note 1)	323,360,112	4,936,500	28.02%
Ms. Chow Lai Wah Livia	Beneficial owner, interests in controlled corporation and interests of spouse (Note 2)	323,360,112	4,936,500	28.02%

Notes:

1. Mr. Dizon Basilio ("Mr. Dizon") is beneficially interests in 18,895,000 shares and 4,388,000 share options in the Company. Mr. Dizon also has controlling interests 65% and 100% in L&W Holding Limited ("L&W") and Harvest Smart Overseas Limited ("Harvest Smart") respectively. L&W and Harvest Smart are beneficially interests in 258,288,600 shares and 13,213,712 shares in the Company respectively. Ms. Chow Lai Wah Livia ("Ms. Chow"), the spouse of Mr. Dizon and the Director of the Company, is beneficially interested in 32,962,800 shares in the Company. Accordingly, Mr. Dizon is deemed to be interested in 323,360,112 shares in the Company under the SFO.
2. Ms. Chow is beneficially interested in 32,962,800 shares and 548,500 share options in the Company. She is the spouse of Mr. Dizon and has controlling interests in L&W and Harvest Smart. Accordingly, Ms. Chow is deemed to be interested in 323,360,112 shares in the Company under the SFO.

All interests stated above represent long positions.

DISCLOSURE OF INTERESTS

(B) INTERESTS OF SUBSTANTIAL SHAREHOLDERS (Continued)

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

Save as disclosed above, as at 30 September 2014, the Directors and the chief executive of the Company were not aware of any person who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register to be kept by the Company under Section 336 of the SFO.

AUDIT COMMITTEE

The audit committee of the Company, with written terms of reference in line with the code provisions set out in the Code on Corporate Governance Practices (the "Code") as stipulated in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"), currently comprises three independent non-executive Directors, namely Mr. Tsang Wai Wa, Mr. Joseph Lee Chennault and Mr. Lai Qiang. The audit committee of the Company has reviewed with the management the accounting principles and practices adopted by the Group and discussed the internal control and financial reporting matters including the review of the unaudited interim results for the six months ended 30 September 2014.

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 2014 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 11 August 2014 as he was on business trip for other important business engagement. However, an Executive Director, present at the annual general meeting who then took the chair of that meeting in accordance with the Bye-Laws of the Company.

MODEL CODE OF SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" as set out in Appendix 10 to the Listing Rules as its own code for dealing in securities of the Company by the Directors (the "Model Code"). Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard as set out in the Model Code during the six months ended 30 September 2014.

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

Hong Kong, 26 November 2014