CULTURECOM HOLDINGS LIMITED

文化傳信集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 343)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2013

RESULTS

The Board of Directors (the "Directors") of Culturecom Holdings Limited (the "Company") are pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2013 together with the comparative figures for the corresponding year of 2012 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2013

	Notes	**2013 HK$'000**	2012 HK$'000 (Restated)
Continuing operations			
Revenue	3	**26,813**	29,061
Cost of sales		**(14,258)**	(16,546)
Gross profit		**12,555**	12,515
Other income and other gain and loss	4	**(5,793)**	9,636
Administrative expenses		**(73,450)**	(57,784)
Loss on fair value change of held for trading investments		**(15,658)**	(41,110)
Share of losses of associates		**(1,816)**	(7,221)
Impairment on goodwill		**–**	(12)
Impairment on available-for-sale financial assets		**(15,000)**	(5,000)
Cost incurred to develop online business	6	**(118,877)**	–
Finance costs	7	**(9)**	(9)
Loss before tax	8	**(218,048)**	(88,985)
Income tax expense	9	**(672)**	(48)
Loss for the year from continuing operations		**(218,720)**	(89,033)

	Notes	**2013** **HK$'000**	2012 HK$'000 (Restated)
Discontinued operations			
(Loss) profit for the year	10	**(79,276)**	39,103
Loss for the year		**(297,996)**	(49,930)
Other comprehensive income			
Exchange gain on translation of financial statements of foreign operations		**5,080**	3,735
Other comprehensive income for the year		**5,080**	3,735
Total comprehensive expense for the year		**(292,916)**	(46,195)
Loss for the year attributable to:			
Owners of the Company			
– Loss for the year from continuing operations		**(213,556)**	(88,210)
– (Loss) profit for the year from discontinued operations		**(84,073)**	39,103
		(297,629)	(49,107)
Non-controlling interests			
– Loss for the year from continuing operations		**(5,164)**	(823)
– Profit for the year from discontinuing operations		**4,797**	–
		(367)	(823)
		(297,996)	(49,930)
Total comprehensive expense attributable to:			
Owners of the Company		**(291,192)**	(45,372)
Non-controlling interests		**(1,724)**	(823)
		(292,916)	(46,195)
Loss per share	11		
From continuing and discontinued operations			
Basic (HK cents)		**(28.3)**	(4.7)
Diluted (HK cents)		**(28.3)**	(4.7)
From continuing operations			
Basic (HK cents)		**(20.3)**	(8.5)
Diluted (HK cents)		**(20.3)**	(8.5)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2013

	Notes	2013 HK$'000	2012 HK$'000
Non-current assets			
Property, plant and equipment		**12,512**	68,043
Long-term deposits		**–**	2,441
Interests in associates		**13,028**	15,004
Intangible assets		**1,385**	130,257
Deferred tax asset		**2,178**	–
Loan to an associate		**24,823**	–
Available-for-sale financial assets		**–**	15,000
		53,926	230,745
Current assets			
Inventories		**36,757**	35,027
Trade receivables	12	**6,120**	23,376
Other receivables, deposits and prepayments		**29,148**	47,237
Amounts due from associates		**41**	67
Tax recoverables		**–**	5
Held for trading investments		**29,710**	50,911
Bank balances and cash		**300,461**	434,531
		402,237	591,154
Assets classified as held for sale		**130,554**	–
		532,791	591,154
Current liabilities			
Trade payables	13	**2,380**	5,371
Other payables and accrued charges		**31,053**	25,334
Obligations under finance leases – due within one year		**7**	43
Tax payables		**–**	2,785
		33,440	33,533
Liabilities associated with assets classified as held for sale		**25,625**	–
		59,065	33,533
Net current assets		**473,726**	557,621
Total assets less current liabilities		**527,652**	788,366
Non-current liabilities			
Obligations under finance leases – due after one year		**–**	7
Deferred tax liabilities		**–**	29,423
		–	29,430
Net assets		**527,652**	758,936

	2013	2012
	HK$'000	HK$'000
Capital and reserves		
Share capital	**10,928**	10,396
Reserves	**479,198**	748,540
Equity attributable to owners of the Company	**490,126**	758,936
Non-controlling interests	**37,526**	–
Total equity	**527,652**	758,936

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and by the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group and the Company has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets; and
Amendments to HKFRS 7	Financial Instruments: Disclosures – Transfers of Financial Assets.

The application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and the Group's and the Company's financial positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009 – 2011 Cycle[1]
Amendments to HKFRS 1	Government Loans[1]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[2]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[1]
HKFRS 11	Joint Arrangements[1]
HKFRS 12	Disclosure of Interests in Other Entities[1]
HKFRS 13	Fair Value Measurement[1]
HKAS 19 (as revised in 2011)	Employee Benefits[1]
HKAS 27 (as revised in 2011)	Separate Financial Statements[1]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[1]

Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[4]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[2]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[1]

[1] Effective for annual periods beginning on or after 1 January 2013.

[2] Effective for annual periods beginning on or after 1 January 2014.

[3] Effective for annual periods beginning on or after 1 January 2015.

[4] Effective for annual periods beginning on or after 1 July 2012.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes requirements for classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

The directors anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for financial year ending 31 March 2016.

The Group is in the process of making an assessment of the impact of this standard and amendments to the Group's results and financial position in the period of initial application. So far it has concluded that the adoption of this standard and the related amendments is unlikely to have a significant impact on the Group's results of operations and the Group's and the Company's financial positions.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements. HK(SIC) – Int 12 Consolidation – Special Purpose Entities will be withdrawn upon the effective date of HKFRS 10. Under HKFRS 10, there is only one basis for consolidation, that is, control. In addition, HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures*. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. HK(SIC) – Int 13 *Jointly Controlled Entities – Non-monetary Contributions by Venturers* will be withdrawn upon the effective date of HKFRS 11. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate consolidation.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these five HKFRSs for the first time.

These five standards, together with the amendments relating to the transitional guidance, are effective for annual periods beginning on or after 1 January 2013 with earlier application permitted provided that all of these standards are applied at the same time.

Based on the existing group structure, the application of these five standards is not expected to have a significant impact on the amounts reported in the consolidated financial statements.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 *Financial Instruments: Disclosures* will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. The directors anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning on 1 April 2013 and the application of the new standard is not likely to have material impact to the amounts reported in the consolidated financial statements but may result in more, extensive disclosure in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income* introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a 'statement of comprehensive income' is renamed as a 'statement of profit or loss and other comprehensive income' and an 'income statement' is renamed as a 'statement of profit or loss'. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments to HKAS 1 are effective for the Group for annual periods beginning on or after 1 April 2013. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in future accounting periods.

The directors anticipate that the application of the other new and revised HKFRSs will have no material impact on the consolidated financial statements.

3. REVENUE

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

	2013	2012
	HK$'000	HK$'000
		(Restated)
Revenue on continuing operations		
Publishing	**17,324**	21,586
Retailing and wholesales	**8,968**	5,141
Catering	**521**	2,307
Others	**–**	27
	26,813	29,061

4. OTHER INCOME AND OTHER GAIN AND LOSS

	2013	2012
	HK$'000	HK$'000
		(Restated)
Continuing operations		
Impairment loss on interests in associates	**(160)**	–
Impairment loss on other receivables	**(623)**	–
Recovery of impairment loss on trade receivables	**235**	18
Interest income on bank deposits	**1,429**	2,412
Dividend received from listed equity securities	**103**	38
Net foreign exchange (loss) gain	**(261)**	1,184
Impairment loss on prepayments *(Note)*	**(7,450)**	–
Loss on disposal of property, plant and equipment	**–**	(1,677)
Sundry income	**934**	7,661
	(5,793)	9,636

Note: During the year ended 31 March 2013, an impairment loss on prepayments has been recognised in profit or loss mainly related to the prepayment for services of TV drama projects and games production projects of which no progress had been noted. The management determined that the recoverability is remote and hence full impairment loss had been recognised.

5. SEGMENT INFORMATION

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

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

Continuing operations

- Publishing: publication of comic books and royalty income from licensing comic books.

- Chinese information infrastructure and online social music gaming platform: provision of server management, data warehousing services and provision of online social music gaming and online shopping via and an online platform *(Note b)*.

- Retailing and wholesales: retailing of clothes, cosmetics and ladies accessories and red wine in Hong Kong and Macau and wholesales of insulation materials in Japan.

- 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) The management targets the customers mainly in the PRC, Hong Kong and Taiwan for this segment. The operation of this segment has not started during the year and is planned to be commenced in the financial year of 2014.

(c) On 6 February 2013, the Group has entered into a sales and purchase agreement to dispose of 100% equity interest in Raise Beauty Investments Limited and its subsidiaries to an independent third party. In accordance with HKFRS 5, the Group's business of crude oil exploration services is regarded as discontinued operations. Comparative information for the year ended 31 March 2012 was re-presented.

The segment information reported below does not include any amounts for these discontinued operations and the comparative figures have been re-presented.

(d) For the year ended 31 March 2013, one of the businesses regarding the electronic card payment services in convenience stores, supermarkets, fast-food restaurants, hotel, online shopping and other point-of-sale applications (i.e. the "Electronic card service") that had been identified as a separate reportable segment in previous year, is ceased to be treated as a separate reportable segment by the CODM since its revenue, profit or loss and assets are far less than 10% of the combined of all operating segments and has no longer been reviewed by the CODM as a separate reportable segment. The related revenue and result of the operation has been included in "Others" and comparative figure has been re-presented.

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 year ended 31 March 2013

Continuing operations

	Publishing HK$'000	Chinese information infrastructure and online social music gaming platform HK$'000	Retailing and wholesales HK$'000	Catering HK$'000	Others HK$'000	Elimination HK$'000	Consolidated HK$'000
Revenue							
External sales	17,324	–	8,968	521	–	–	26,813
Inter-segment sales	6	–	9,000	–	–	(9,006)	–
	17,330	–	17,968	521	–	(9,006)	26,813
Segment results	806	(161,118)	(1,870)	(1,886)	–	–	(164,068)
Unallocated expenses							(55,317)
Unallocated incomes							1,346
Finance costs							(9)
Loss before tax from continuing operations							(218,048)

For the year ended 31 March 2012

Continuing operations

	Publishing HK$'000	Chinese information infrastructure and online social music gaming platform HK$'000	Retailing and wholesales HK$'000	Catering HK$'000	Others HK$'000	Elimination HK$'000	Consolidated HK$'000 (Restated)
Revenue							
External sales	21,586	–	5,141	2,307	27	–	29,061
Inter-segment sales	1	–	1,123	–	–	(1,124)	–
	21,587	–	6,264	2,307	27	(1,124)	29,061
Segment results	(6,383)	(17,003)	(5,333)	(4,207)	–	–	(32,926)
Unallocated expenses							(57,121)
Unallocated incomes							1,071
Finance costs							(9)
Loss before tax from continuing operations							(88,985)

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 change of held for trading investments, impairment on available-for-sale financial assets, share of losses of associates, unallocated corporate expenses and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

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

Other segment information

For the year ended 31 March 2013

Continuing operations

	Publishing HK$'000	**Chinese information Infrastructure and online social music gaming platform HK$'000**	**Retailing and wholesales HK$'000**	**Catering HK$'000**	**Unallocated HK$'000**	**Consolidated HK$'000**
Amounts regularly provided to the CODM:						
Addition to non-current assets *(Note)*	**32**	**6,798**	**171**	**350**	**712**	**8,063**
Amounts included in the measure of segment profit or loss:						
Depreciation of property, plant and equipment	**159**	**1,240**	**273**	**818**	**601**	**3,091**

For the year ended 31 March 2012

Continuing operations

	Publishing HK$'000	Chinese information Infrastructure and online social music gaming platform HK$'000	Retailing and wholesales HK$'000	Catering HK$'000	Unallocated HK$'000	Consolidated HK$'000 (Restated)
Amounts regularly provided to the CODM:						
Addition to non-current assets *(Note)*	877	685	226	75	980	2,843
Amounts included in the measure of segment profit or loss:						
Depreciation of property, plant and equipment	162	594	635	2,126	530	4,047
Loss on disposal of property, plant and equipment	439	–	–	–	1,238	1,677

Note: Non-current assets excluded those relating to discontinued operations and excluded long-term deposits, interests in associates, deferred tax asset, loan to an associate and available-for-sale financial assets.

Geographic information

The Group's operations are located in Hong Kong, the PRC, Macau and Japan.

Information about the Group's revenue from continuing operations from external customers is presented based on the location of goods physically delivered to or location of services provided to the customers and information about its non-current assets is based on geographical location of the assets.

	Revenue from external customers		**Non-current assets** *(Note)*	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
		(Restated)		
Hong Kong (place of domicile)	**17,829**	22,879	**23,993**	21,724
The PRC	**–**	364	**372**	191,983
Macau	**506**	2,527	**2,361**	1,952
Japan	**8,478**	3,291	**199**	86
	26,813	29,061	**26,925**	215,745

Note: Non-current assets excluded financial assets and deferred tax assets.

Information about major customers

During the year, there were three (2012: two) customers with whom transactions of each have exceeded 10% of the Group's revenue from continuing operations. Total revenue from these three (2012: two) customers accounted for 25% (2012: 33%), 24% (2012: 21%) and 22% (2012: nil) from the publishing segment, publishing segment and retailing and wholesales segment, respectively, of the Group's revenue from continuing operations for the year respectively.

6. COST INCURRED TO DEVELOP ONLINE BUSINESS

For the year ended 31 March 2013, the Group started to invest in a new business-development of an online social platform called Ucan.com. that aims to provide virtual-reality social gaming platform to users who could interact with others in an online city. The online social platform is at the development stage. The expenditures incurred for the current year of HK$118,877,000 (2012: HK$nil) to develop the platform are expensed when they are incurred.

7. FINANCE COSTS

	2013	2012
	HK$'000	HK$'000
Continuing operations		
Interest charges on finance leases	**9**	9

8. LOSS BEFORE TAX

	2013	2012
	HK$'000	HK$'000
		(Restated)
Continuing operations		
Loss before income tax has been arrived at after charging (crediting):		
Staff costs		
Directors' emoluments	**5,113**	4,625
Other staff costs:		
– Retirement benefits schemes contributions	**357**	271
– Salaries and other benefits	**12,796**	13,681
	18,266	18,577
Auditor's remuneration	**1,009**	663
Depreciation of property, plant and equipment		
– Owned assets	**3,059**	4,015
– Assets held under finance leases	**32**	32
	3,091	4,047
Cost of inventories recognised as expenses	**14,258**	16,546
Loss on disposal of property, plant and equipment (note 4)	**–**	1,677
Recovery of impairment loss on trade receivables (note 4)	**(235)**	(18)
Net foreign exchange loss (gain)	**261**	(1,184)

9. INCOME TAX EXPENSE

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

Hong Kong Profits Tax is calculated at 16.5% (2012: 16.5%) on the estimated assessable profits for both years. 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.

	2013	2012
	HK$'000	HK$'000
		(Restated)
Continuing operations		
Income tax expense comprises:		
Current tax	**–**	48
Underprovision in prior years		
– Hong Kong	**284**	–
Deferred tax		
– Deferred tax expense	**388**	–
Income tax expense	**672**	48

10. DISCONTINUED OPERATIONS/DISPOSAL GROUP HELD FOR SALE

(Loss) profit for the year of the discontinued operations for the years ended 31 March 2013 and 2012 are as follow:

	2013	2012
	HK$'000	HK$'000
		(Restated)
Loss for the year of discontinued operation on the crude oil exploration services business *(note a)*	**(79,276)**	(14,993)
Profit for the year of discontinued operation on the disposal of an investment property *(note b)*	**–**	54,096
	(79,276)	39,103

(a) Discontinued operation on the crude oil exploration services business

On 6 February 2013, the Group has entered into a sales and purchase agreement (the "Agreement") regarding the disposal of 100% equity interest of Raise Beauty Investments Limited ("Raise Beauty" or the "Disposal Group"), one of the subsidiaries of the Group, which has crude oil exploration services business in the PRC (the "Disposal") at the total consideration of RMB80 million (approximately equivalent to HK$98,789,000), to an independent third party, Waveon Holdings Limited (the "Buyer").

As at 31 March 2013, 40% of the equity interest of Raise Beauty and the respective 40% of shareholder's right were transferred to the Buyer and the Group received 40% of the consideration of RMB32 million (approximately equivalent to HK$39,250,000), which is non-refundable even if the disposal of the remaining 60% equity interest does not take place in accordance with the time schedule set out in the relevant agreement. The Disposal is expected to be completed before 20 August 2013 and the remaining 60% of equity interest would be transferred to the Buyer when the remaining consideration for 60% equity interest of Raise Beauty (approximately equivalent to HK$59,273,000) is paid to the Group. No change of the board of directors of the Disposal Group as at 31 March 2013.

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 disposal of to the Buyer was recognised as non-controlling interest of the Group as at 31 March 2013. The crude oil exploration services business is presented as a discontinued operation and the comparative figures in the consolidated statement of comprehensive income and the respective disclosure notes for the year ended 31 March 2012 have been re-presented accordingly.

The assets and liabilities attributable to the crude oil exploration services business, which are expected to be disposed of within twelve months from 31 March 2013, have been classified as the disposal group held for sale as at 31 March 2013.

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.

The management conducted an impairment assessment of the Group's crude oil exploration services business during the year ended 31 March 2013 and determined that the recoverable amount of the CGU that is determined 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$25,926,000 and HK$51,054,000, respectively had been recognised in profit or loss, on a pro-rata basis based on the carrying amounts of the assets in the unit for the impairment loss allocation.

Loss for the year from discontinued operation was as follows:

	2013	2012
	HK$'000	HK$'000
Revenue	**2,033**	4,899
Cost of sales	**(1,413)**	(3,231)
Other income	**7**	162
Administrative expenses	**(18,089)**	(19,761)
Impairment on property, plant and equipment	**(25,926)**	–
Impairment on intangible asset	**(51,054)**	–
Loss before tax	**(94,442)**	(17,931)
Income tax credit	**15,166**	2,938
Loss for the year from discontinued operation	**(79,276)**	(14,993)
Loss for the year for discontinued operation attributable to non-controlling interests	**(4,797)**	–
Loss for the year for discontinued operation attributable to the owners of the Company	**(84,073)**	(14,993)

Loss for the year from the discontinued operation included follows:

	2013	2012
	HK$'000	HK$'000
Staff costs	**1,113**	1,092
Auditor's remuneration	**240**	200
Amortisation of intangible asset	**9,689**	11,840
Depreciation of property, plant and equipment	**4,200**	4,050
Bank interest income	**–**	114
Operating lease rentals in respect of rental premises	**375**	–

Cash flows for the year from the discontinued operation were as follows:

	2013	2012
	HK$'000	HK$'000
Net cash outflows from operating activities	**(7,035)**	(6,565)
Net cash outflows from investing activities	**(5)**	(138)
Net cash inflows (outflows) from financing activities	**5,022**	(19,998)
Net cash outflows	**(2,018)**	(26,701)

The major classes of assets and liabilities of the crude oil exploration services business as at 31 March 2013, which have been presented separately in the consolidated statement of financial position, are as follows:

	HK$'000
Property, plant and equipment, net of impairment	34,259
Intangible asset, net of impairment	69,384
Trade receivables	20,638
Other receivable	5,284
Bank balances and cash	989
Total assets classified as held for sale	130,554
Trade payables	(3,182)
Other payables and accrued charges	(5,041)
Deferred tax liability	(17,402)
Total liabilities associated with assets classified as held for sale	(25,625)

(b) Disposal of an investment property

The Group entered into an agreement with an independent third party in relation to the disposal of an investment property in Hong Kong, for net proceed of HK$278,907,000. The transaction was completed on 23 September 2011. In accordance with HKFRS 5, the profit or loss items and the balance of the disposed investment property of the Group is classified as the discontinued operations. The analysis of the results of which for the year ended 31 March 2012 is as follows:

	HK$'000
Revenue	2,365
Cost of sales	(405)
Gross profit	1,960
Other income	1
Administrative expenses	(3,300)
Gain on disposal of the investment property	55,477
Profit before income tax	54,138
Income tax expense	(42)
Profit for the year from the discontinued operation attributable to the owners of the Company	54,096

11. LOSS PER SHARE

From continuing and discontinued operations

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

Loss

	2013	2012
	HK$'000	HK$'000
		(Restated)
Loss for the year attributable to owners of the Company and loss for the purposes of basic and diluted loss per share	**(297,629)**	(49,107)

	2013	2012
	'000	'000
Number of shares		
Weighted average number of shares for the purposes of basic and diluted loss per share	**1,051,676**	1,035,758

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:

	2013	2012
	HK$'000	HK$'000
		(Restated)
Figures are calculated as follows:		
Loss for the year attributable to owners of the Company	**(297,629)**	(49,107)
Less: (Loss) profit for the year from discontinued operations	**(84,073)**	39,103
Loss for the purposes of basic and diluted loss per share from continuing operations	**(213,556)**	(88,210)

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

The computation of diluted loss per share does not assume the exercise of the Company's warrant and outstanding share options because the exercise price of those warrants and options are higher than the average market price for shares for both 2013 and 2012.

From discontinued operations

For the year ended 31 March 2013, basic loss per share for the discontinued operations were HK8.0 cents per share respectively (2012: basic earnings per share from discontinued operation was HK3.8 cents per share as restated), based on loss for the year attributable to owners of the Company from the discontinued operations HK$84,073,000 (2012: profit for the year of HK$39,103,000 as restated) and the denominators detailed above basic and diluted loss per share.

12. TRADE RECEIVABLES

	2013	2012
	HK$'000	HK$'000
Trade receivables	**6,505**	24,668
Less: allowance for doubtful debts	**(385)**	(1,292)
	6,120	23,376

The following is the aged analysis of trade receivables net of allowance for doubtful debts presented based on invoice date which is the same as the date of recognising the revenue at the end of reporting period. As at 31 March 2013, the analysis does not include the crude oil exploration segment which is classified as part of a disposal group held for sale.

	2013	2012
	HK$'000	HK$'000
0 - 60 days	**2,354**	3,762
61 - 90 days	**66**	1,868
91 - 180 days	**54**	1,532
Over 180 days	**3,646**	16,214
	6,120	23,376

13. TRADE PAYABLES

The following is an aged analysis of trade payables presented based on the invoice dates at the end of the reporting period. As at 31 March 2013, the analysis does not include the crude oil exploration segment which is classified as part of a disposal group held for sale.

	2013	2012
	HK$'000	HK$'000
0 – 60 days	**1,584**	1,174
61 – 90 days	**6**	1,251
Over 90 days	**790**	2,946
	2,380	5,371

DIVIDEND

No dividend was paid or proposed during the year of 2013, nor has any dividend been proposed since the end of reporting year (2012: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

For the year ended 31 March 2013, the Group's overall turnover decreased slightly by approximately 7.7% to HK$26,813,000, of which approximately HK$17,324,000, HK$8,968,000, HK$521,000 and HK$nil (2012: HK$21,586,000, HK$5,141,000, HK$2,307,000 and HK$27,000) were attributable to our business of publishing, retailing and wholesales, catering and others respectively.

The Group's consolidated net loss attributable to the owners of the Company in 2013 increased to HK$297,629,000 or HK28.3 cents per share (loss of HK$49,107,000 or HK4.7 cents per share in 2012). This decline in performance was mainly due to the loss from discontinued operation relating to crude oil exploration services business of HK$79,276,000, as well as the continual investment in the Ucan.com project of HK$118,877,000. Overall, by focusing on core comics operations, expanding into the Ucan.com social networking and gaming platform, and capturing promising growth opportunities along the way, the Group is finally beginning to see the light at the end of the tunnel. The Group is more than ever optimistic of its future, as the steps taken so far have demonstrated that what is to come can only be better.

Also, as at 31 March 2013, the Group's net asset value was approximately HK$527,652,000 and net asset value per weighted average number of 1,051,676,000 shares of the Company was approximately HK$0.50 (2012: HK$0.73). Decrease in net asset value was primarily due to the disposal of assets and fair value changes in financial assets that took place during this year.

Warrants

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

During the year, registered holders of 53,180,000 units of the 2013 Warrants exercised their rights to subscribe for 53,180,000 shares in the Company at HK$0.28 per share. Up to the date of expiry of the 2013 Warrants, 120,000 warrants had expired, 137,730,000 warrants had been exercised and the Company receive the net proceeds of approximately HK$38,564,400 were used as general working capital of the Company.

On 20 July 2012, the Company entered into a conditional warrant subscription agreements with not less than six warrant subscribers as subscribers in relation to the warrant subscription of a total of 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 applied 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 subscribe for one new share at exercise price of HK$1.20 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 year, no non-listed warrants were exercised.

Substantial Disposal

On 6 February 2013, the Group entered into the Sale and Purchase Agreement with an independent third party in relation to the disposal of 100% equity interest of Raise Beauty Investment Limited ("Raise Beauty") at a consideration of RMB80,000,000. Raise Beauty holds 100% interest in the registered and paid up capital of Keenwell Energy Technology Limited ("Keenwell Energy") and 東營健宏石油技術服務有限公司 ("Dong Ying"), the crude oil exploration services company, which was owned by Raise Beauty for 94.87% and Keenwell Energy for 5.13%. RMB32,000,000 was received by the Group upon the signing of the Sale and Purchase Agreement in which 40% equity interest of Raise Beauty was transferred to the independent third party ("Purchaser"). The completion of the disposal of remaining 60% will be on or before 20 August 2013, upon which the remaining 60% equity interest of Raise Beauty shall be transferred to the Purchaser.

Liquidity and Financial Resources

As at 31 March 2013 the Group had bank and deposits with financial institutions balances in aggregate of approximately HK$300,461,000 and financial assets at fair value through profit and loss of approximately HK$29,710,000. The Group has no significant exposure to foreign exchange rate fluctuation.

As at 31 March 2013, the Group had a net current asset of approximately HK$473,726,000 (31 March 2012: HK$557,621,000) and a current ratio of 9.0 (31 March 2012: 17.6). The Group's total liabilities as of 31 March 2013 amounted to approximately HK$59,065,000 and represented approximately 12.1% (31 March 2012: 8.3%) 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 at 31 March 2013, the Group had a total of 145 employees of which 53 are based in Hong Kong, 35 in Macau and 57 in the PRC. Total staff costs incurred during the year amounted to approximately HK$18,266,000 (2012: HK$18,577,000). Remuneration packages are maintained at competitive levels and reviewed by the management on a periodical basis. Discretionary bonuses and incentive share options are awarded to certain directors and employees according to the assessment of individual merit and performance.

BUSINESS REVIEW

The fluctuating global market has continued to affect many of our businesses and investments. During the past year, although the competitive licensing business environment has challenged us greatly, the Group's business has still managed to maintain satisfactory improvement. While celebrating steady growth in the other business segments, the Group has prudently set up allowances on businesses that were running less efficiently, and made write-offs on investments that have unfortunately lost value.

Being one of the leading content providers of comics in Asia, comics licensing has continued to be the major source of profit contribution for the year. In order to augment the comics licensing business, the Group will soon launch Ucan.com, a social and gaming platform that integrates music, gaming, and e-commerce. As of 31 March 2013, the Ucan.com website has undergone its final testing, and the expected launching date will be sometime during the second half of 2013. Combining elements of music, gaming, and shopping in one portal that can be accessible by PC, web, and even mobile devices, Ucan.com is uniquely positioned to offer a one-of-a-kind experience not easily found elsewhere. While being determined to provide new and exciting online experience to its users, the Group will also continue to devote its resources to support the Ucan.com platform.

With respect to the culturally related technology, our Group has in place suitable cooperative partners to enhance and further commercialize its technologies. In the comics business, our Group has fortified its licensing business with additional resources, actively pursued opportunities in online gaming, animation and movie production, while continued to extend its arm to other media forms. One of the golden ideals of Culturecom has always been about bringing Chinese culture into the mainstream; and in light of this, our Group is at the final stages of developing an Asian-flavor animation/comic creation interface using our very own Generating Engine technology. Our huge animation/comic image database along with this Generating Engine will allow the mass public to participate in the production process; lowering cost on one hand, while appealing to a new generation of artists.

Aside from technology and comics, our Group's venture in the petroleum extraction business has flourished in the past year, but owing to the various difficulties encountered in its drilling and exploration activities, operating earnings were somewhat negatively affected for the most part of this year. With a strong desire to refocus on its core business of comics and animation, the Group, on 6 February 2013, has entered into a sale and purchase agreement with an independent third party in relation to the disposal of 100% equity interest of Raise Beauty, the company that holds the exploration rights, at a consideration of RMB80,000,000. The Group received 40% of the consideration upon the signing of the agreement, in which 40% equity interest of Raise Beauty was transferred to the Purchaser. The completion of the disposal of remaining 60% will be on or before 20 August 2013, upon which the remaining 60% equity interest of Raise Beauty shall be transferred to the Purchaser.

PROSPECTS

Looking ahead, our Group is excited about its future projects, and optimistic of its upcoming journey. We will continue to foster our relationships with the existing cooperative partners and business associates. Moreover, we have identified the significant impact that the internet has nowadays on billions and trillions of people across the world. Daily activities that are done via the web have exploded in size, volume, and visibility. Therefore, in coping with the societal needs, our Group will soon launch Ucan.com, a social and gaming platform that integrates music, gaming, and e-commerce. The Group is modest and prudent in deciding the future of Ucan.com, and will continue to take proactive and steadfast business development strategies to gain fan base, optimize customer satisfaction, and build a differentiated competitive advantage.

Expanding our intellectual property business has always been a long-term strategy of the Group. In this regard, the Group will further collaborate with our partners in other media outlets, expanding our presence in the comics/ animation space, enhancing our relationships in the musical field, and continuing to strengthen our penetration in the gaming business. Having maintained close ties with business technology partners such as International Business Machines Corporation ("IBM"), Hewlett-Packard ("HP"), and other leading vendors, the Group will launch the Ucan.com web portal, alongside with its Android and iPhone apps, to create an effortless and convenient user experience. Simply through mobile phones or iPads, consumers will be able to gain access to the many exciting content of Ucan.com at anytime and anywhere. The Group will, at the appropriate time, adjust development strategies of Ucan.com, and assess market demand and development potential cautiously, so that it can continue to maintain and enhance the Group's leading position in the industry.

On the strengths of the solid foundation of rich cultural content, leading technologies, and brand popularity, our Group will continue to make further inroads to our core business of animation and comics market in Asia by setting up educational programs and training grounds for artists and like-minded animators in China. We will uphold our promise to increase market share in the medium/long term, while seize any future business opportunities for the long-term development of the Group. All in all, we salute to our shareholders wholeheartedly, and promise that we will continue to strive for the best investment strategies that would be beneficial to them in the long run.

CLOSURE OF REGISTERS OF MEMBERS AND WARRANT HOLDERS

The principal Register of Members and the branch Registers of Members and Warrantholders will be closed from 8 August 2013 to 12 August 2013 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for attending the 2013 Annual General Meeting, all transfer documents accompanied by the relevant share certificates and, in the case of warrantholders, all duly completed subscription forms accompanied by the relevant warrant certificates and the appropriate subscription monies must be lodged with the Company's branch Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. 7 August 2013.

REPURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor its subsidiaries have repurchased, sold or redeemed any of the listed securities in the Company during the year ended 31 March 2013.

AUDIT COMMITTEE

The audit committee of the Company, with written terms of reference in line with the code provisions set out in the Code on Corporate Governance Practices (the "Code") as stipulated in Appendix 14 to the Listing Rules, currently comprises three independent non-executive Directors, namely Mr. Tsang Wai Wa, Mr. Joseph Lee Chennault and Mr. Lai Qiang. The audit committee of the Company has reviewed with the management the accounting principles and practices adopted by the Group and discussed the internal control and financial reporting matters including the review of the audited financial statements for the year ended 31 March 2013.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the Code as set out in Appendix 14 to the Listing Rules throughout the year ended 31 March 2013 except for the following deviations:

Code Provision A.4.1

Under the code provision A.4.1, non-executive directors should be appointed for a specific term, subject to re-election. The current independent non-executive Directors of the Company are not appointed for a specific term. However, all Directors (including executive and non-executive) of the Company are subject to retirement by rotation at the annual general meeting in accordance with Bye-Law 110(A) and 190(v) of the Bye-Laws of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Code.

Code Provision E.1.2

Under the code provision E.1.2, the chairman of the board should attend the annual general meeting. The Chairman of the Board, Mr. Chu Bong Foo was unable to attend the annual general meeting of the Company held on 15 August 2012 as he was on business trip for other important business engagement. However, an Executive Director, present at the annual general meeting who then took the chair of that meeting in accordance with the Bye-Laws of the Company.

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

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" as set out in Appendix 10 to the Listing Rules as its own code for dealing in securities of the Company by the Directors (the "Model Code"). Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard as set out in the Model Code during the year ended 31 March 2013.

PUBLICATION OF RESULTS ANNOUNCEMENT

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

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

Hong Kong, 26 June 2013

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

* *For identification purpose only*