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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 2014

- Revenue increased by 16% to HK$ 31,216,000
- Net loss narrowed by 47% to HK$ 157,320,000
- Net loss per share decreased by 55% to HK cents 12.6
- Net cash of HK$ 182,802,000 with no interest bearing debts

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 2014 together with the comparative figures for the corresponding year of 2013 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 March 2014

	Notes	**2014** **HK$'000**	2013 HK$'000
Continuing operations			
Revenue	3	**31,216**	26,813
Cost of sales		**(23,572)**	(14,258)
Gross profit		**7,644**	12,555
Other income and other gain and loss	4	**(12,752)**	(5,793)
Administrative expenses		**(82,449)**	(56,535)
Other advertising and promotion expenses		**(23,377)**	(16,915)
Amortisation of intangible assets		**(2,874)**	–
Impairment loss on loans to an associate		**(26,801)**	–
Loss on fair value change of held for trading investments		**(2,680)**	(15,658)
Share of losses of associates		**(5,417)**	(1,816)
Share of loss of a joint venture		**(1)**	–
Impairment on available-for-sale financial assets		**–**	(15,000)
Cost incurred to develop online business	6	**(29,899)**	(118,877)
Finance costs	7	**–**	(9)
Loss before tax	8	**(178,606)**	(218,048)
Income tax credit (expense)	9	**10**	(672)
Loss for the year from continuing operations		**(178,596)**	(218,720)
Discontinued operations			
Gain (loss) for the year from discontinued operations	10	**21,276**	(79,276)
Loss for the year		**(157,320)**	(297,996)

	2014	2013
	HK$'000	*HK$'000*
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Exchange gain on translation of financial statements of foreign operations	**4,732**	5,080
Other comprehensive income for the year	**4,732**	5,080
Total comprehensive expense for the year	**(152,588)**	(292,916)
Loss for the year attributable to:		
Owners of the Company		
– Loss for the year from continuing operations	**(172,692)**	(213,556)
– Profit (loss) for the year from discontinued operations	**25,463**	(84,073)
	(147,229)	(297,629)
Non-controlling interests		
– Loss for the year from continuing operations	**(5,904)**	(5,164)
– (Loss) profit for the year from discontinued operations	**(4,187)**	4,797
	(10,091)	(367)
	(157,320)	(297,996)

	Note	**2014**	2013
		HK$'000	*HK$'000*
Total comprehensive expense attributable to:			
Owners of the Company		**(142,840)**	(291,192)
Non-controlling interests		**(9,748)**	(1,724)
		(152,588)	(292,916)
Loss per share	11		
From continuing and discontinued operations			
Basic (HK cents)		**(12.6)**	(28.3)
Diluted (HK cents)		**(12.6)**	(28.3)
From continuing operations			
Basic (HK cents)		**(14.8)**	(20.3)
Diluted (HK cents)		**(14.8)**	(20.3)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2014

	Notes	**2014** **HK$'000**	2013 *HK$'000*
Non-current assets			
Property, plant and equipment		**15,854**	12,512
Interests in associates		**10,611**	13,028
Interest in a joint venture		**–**	–
Intangible assets		**2,905**	1,385
Deferred tax asset		**2,318**	2,178
Loan to an associate		**4,450**	24,823
Goodwill		**2,796**	–
Available-for-sale financial assets		**–**	–
		38,934	53,926
Current assets			
Inventories		**51,365**	36,757
Trade receivables	12	**2,932**	6,120
Other receivables, deposits and prepayments	13	**66,802**	29,148
Amounts due from associates		**48**	41
Loan to an associate		**–**	–
Tax recoverables		**61**	–
Held for trading investments		**19,267**	29,710
Bank balances and cash		**182,802**	300,461
		323,277	402,237
Assets classified as held for sale		**–**	130,554
		323,277	532,791
Current liabilities			
Trade payables	14	**361**	2,380
Other payables and accrued charges		**33,601**	31,053
Tax payable		**130**	–
Obligations under finance leases – due within one year		**–**	7
		34,092	33,440

	2014	2013
	HK$'000	*HK$'000*
Liabilities associated with assets classified as held for sale	**–**	25,625
	34,092	59,065
Net current assets	**289,185**	473,726
Total assets less current liabilities	**328,119**	527,652
Net assets	**328,119**	527,652
Capital and reserves		
Share capital	**11,716**	10,928
Reserves	**329,589**	479,198
Equity attributable to owners of the Company	**341,305**	490,126
Non-controlling interests	**(13,186)**	37,526
Total equity	**328,119**	527,652

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). 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 HKFRSS

Application of new and revised HKFRSs

The Group has applied the following new and revised HKFRSs issued by the HKICPA for the first time in the current year.

Amendments to HKFRSs	Annual improvements to HKFRSs 2009 – 2011 cycle
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine

Except as described below, the application of the new and revised to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosure set out in these consolidated financial statements.

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

In the current year, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising HKFRS 10 *Consolidated Financial Statements*, HKFRS 11 *Joint Arrangements*, HKFRS 12 *Disclosure of Interests in Other Entities*, HKAS 27 (as revised in 2011) *Separate Financial Statements* and HKAS 28 (as revised in 2011) *Investments in Associates and Joint Ventures*, together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding transitional guidance. HKAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

The impact of the application of HKFRS 10 and HKFRS 12 is set out below.

Impact of the application of HKFRS 10

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK(SIC) Int-12 *Consolidation – Special Purpose Entities*. HKFRS 10 changes the definition of control such that an investor has control over an investee when (a) it has power over the investee, (b) it is exposed, or has rights, to variable returns from its involvement with the investee and (c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

The Directors made an assessment as at the date of initial application of HKFRS 10 (i.e. 1 April 2013) over the Group's investees in accordance with the requirements of HKFRS 10. The Directors concluded the application of HKFRS 10 in the current year has had no material effect on the amounts reported in these consolidated financial statements.

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply 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 for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payment, leasing transactions that are within the scope of HKAS 17 Leases, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group has not made any new disclosures required by HKFRS 13 for the 2013 comparative period. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The Group has applied the amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income*. Upon the adoption of the amendments to HKAS 1, the Group's statement of comprehensive income is renamed as the statement of profit or loss and other comprehensive income. Furthermore, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are 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 have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

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:

	2014	2013
	HK$'000	*HK$'000*
Revenue on continuing operations		
Publishing	**11,080**	17,324
Retailing and wholesales	**12,984**	8,968
Chinese information infrastructure and online social music gaming platform	**4,324**	–
Catering	**2,828**	521
	31,216	26,813

4. OTHER INCOME AND OTHER GAIN AND LOSS

	2014	2013
	HK$'000	*HK$'000*
Continuing operations		
Impairment loss on interests in associates	**–**	(160)
Impairment losses on other receivables and deposit	**(14,197)**	(623)
Recovery of impairment loss on trade receivables	**–**	235
Interest income	**670**	1,429
Dividend received from listed equity securities	**115**	103
Net foreign exchange loss	**(574)**	(261)
Impairment loss on prepayments	**–**	(7,450)
Loss on disposal of property, plant and equipment	**(53)**	–
Sundry income	**1,287**	934
	(12,752)	(5,793)

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, 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

No material changes in the composition of the Group's reportable and operating segments for the year ended 31 March 2014.

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) Target customers 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 had been fully disposed as of 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 10.

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 2014

Continuing operations

	Publishing	Chinese information infrastructure and online social music gaming platform	Retailing and wholesales	Catering	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	**11,080**	**4,324**	**12,984**	**2,828**	**31,216**
Segment results	**(3,776)**	**(82,510)**	**(24,205)**	**(3,133)**	**(113,624)**
Unallocated expenses					**(64,998)**
Unallocated incomes					**16**
Loss before tax from continuing operations					**(178,606)**

For the year ended 31 March 2013

Continuing operations

	Publishing	Chinese information infrastructure and online social music gaming platform	Retailing and wholesales	Catering	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	17,324	–	8,968	521	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)

Segment result represents the 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 2014

Continuing operations

	Publishing	Chinese information infrastructure and online social music gaming platform	Retailing and wholesales	Catering	Unallocated	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Amounts regularly provided to the CODM:						
Addition to non-current assets *(Note)*	**113**	**10,983**	**225**	**376**	**337**	**12,034**
Amounts included in the measure of segment profit or loss:						
Depreciation of property, plant and equipment	**192**	**2,288**	**305**	**773**	**604**	**4,162**
Amortisation of intangible assets	**–**	**2,874**	**–**	**–**	**–**	**2,874**

For the year ended 31 March 2013

Continuing operations

	Publishing	Chinese information infrastructure and online social music gaming platform	Retailing and wholesales	Catering	Unallocated	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'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

Note: Non-current assets excluded those relating to discontinued operations and excluded interests in associates, deferred tax asset, loan to an associate and goodwill.

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)*	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (place of domicile)	**15,469**	17,829	**24,815**	23,993
The PRC	**3,754**	–	**6,374**	372
Macau	**2,828**	506	**818**	2,361
Japan	**9,165**	8,478	**159**	199
	31,216	26,813	**32,166**	26,925

Note: Non-current assets excluded loan to an associate and deferred tax assets.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of total sales of the Group are as follows:

	2014	2013
	HK$'000	*HK$'000*
Customer A[1]	**7,166**	5,949
Customer B[1]	**6,139**	6,318
Customer C[2]	**3,472**	N/A[3]

1 Revenue from publishing segment.

2 Revenue from retailing and wholesales segment.

3 The corresponding revenue does not contribute over 10% the total sales of the Group.

6. COST INCURRED TO DEVELOP ONLINE BUSINESS

During 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. During the year ended 31 March 2013, that expenditures incurred for development of the platform amounting approximately HK$118,877,000 that were expensed when they were incurred.

During the year ended 31 March 2014, the online social platform is at the final development stage. The Group focuses on developing games that could be downloaded by mobile devices. As at 31 March 2014, except for expenditures of HK$4,394,000 (2013: HK$nil) that relate to the development of the platform are capitalised as intangible assets. All other expenditures incurred during the current year that mainly include platform improvement, advertising, and promotion amounting to approximately HK$29,899,000 in aggregate are expensed when they are incurred.

7. FINANCE COSTS

	2014	2013
	HK$'000	*HK$'000*
Continuing operations		
Interest charges on finance leases	**–**	9

8. LOSS BEFORE TAX

	2014	2013
	HK$'000	*HK$'000*
Continuing operations		
Loss before income tax has been arrived at after charging (crediting):		
Staff costs		
Directors' emoluments	**5,022**	5,113
Other staff costs:		
– Retirement benefits schemes contributions	**699**	357
– Salaries and other benefits	**31,518**	12,796
	37,239	18,266
Auditor's remuneration	**2,459**	1,009
Depreciation of property, plant and equipment		
– Owned assets	**4,154**	3,059
– Assets held under finance leases	**8**	32
	4,162	3,091
Consultancy and professional fee (included in administrative expenses)	**11,902**	9,058
Cost of inventories recognised as expenses	**11,739**	14,258
Allowance for inventories	**11,833**	–
Loss on disposal of property, plant and equipment *(note 4)*	**53**	–
Recovery of impairment loss on trade receivables *(note 4)*	**–**	(235)
Net foreign exchange loss *(note 4)*	**574**	261

9. INCOME TAX (CREDIT) EXPENSE

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

Hong Kong Profits Tax is calculated at 16.5% (2013: 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.

	2014	2013
	HK$'000	*HK$'000*
Continuing operations		
Income tax expense comprises:		
Current tax		
– Hong Kong	**–**	–
– PRC EIT	**130**	–
Underprovision in prior years		
– Hong Kong	**–**	284
Deferred tax		
– Deferred tax (credit) expense	**(140)**	388
Income tax (credit) expense	**(10)**	672

10. DISCONTINUED OPERATIONS/DISPOSAL OF A SUBSIDIARY

Profit (loss) for the year of the discontinued operations for the years ended 31 March 2014 and 2013 are as follow:

	2014	2013
	HK$'000	*HK$'000*
Loss for the year of discontinued operation on the crude oil exploration services business *(note a)*	**(10,468)**	(79,276)
Gain on disposal of the crude oil exploration services business *(note a)*	**31,744**	–
	21,276	(79,276)

(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"), 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 Buyer.

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 (approximately equivalent to HK$39,250,000) as stated in the Agreement, 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.

The assets and liabilities attributable to the crude oil exploration services business, which was expected to be disposed of within twelve months from 31 March 2013, was classified as the disposal group held for sale as at 31 March 2013. The crude oil exploration services business is presented as a discontinued operation in the consolidated statement of profit or loss and other comprehensive income and the respective disclosure notes for the year ended 31 March 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.

The directors of the Company conducted an impairment assessment of the Group's crude oil exploration services business during the year ended 31 March 2013 and at the date of disposal 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$2,249,000 (31 March 2013: HK$25,926,000) and HK$5,550,000 (31 March 2013: 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.

The result of the crude oil exploration services business for the period from 1 April 2013 to 22 October 2013 (date of disposal), which have been included in the consolidated statement of profit or loss and other comprehensive income, were as follows:

	2014	2013
	HK$'000	*HK$'000*
Revenue	**185**	2,033
Cost of sales	**(792)**	(1,413)
Other income	**1**	7
Administrative expenses	**(3,362)**	(18,089)
Impairment on property, plant and equipment	**(2,249)**	(25,926)
Impairment on intangible asset	**(5,550)**	(51,054)
Recovery of impairment loss on other receivables	**189**	–
Loss before tax	**(11,578)**	(94,442)
Income tax credit	**1,110**	15,166
Loss for the year/period from discontinued operation	**(10,468)**	(79,276)
Loss for the year/period for discontinued operation		
– attributable to the owners of the Company	**(6,281)**	(84,073)
– attributable to non-controlling interests	**(4,187)**	4,797
	(10,468)	(79,276)

Loss for the year from the discontinued operation included follows:

	2014	2013
	HK$'000	*HK$'000*
Staff costs	**730**	1,113
Auditor's remuneration	**299**	240
Amortisation of intangible asset	**–**	9,689
Depreciation of property, plant and equipment	**–**	4,200
Operating lease rentals in respect of rental premises	**221**	375

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

	2014	2013
	HK$'000	*HK$'000*
Net cash outflows from operating activities	**(5,428)**	(7,035)
Net cash outflows from investing activities	**–**	(5)
Net cash inflows from financing activities	**3,684**	5,022
Net cash outflows	**(1,744)**	(2,018)

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)

Ageing analysis of trade receivables of the discontinued operation presented based on invoice dates as at 31 March 2013 was as follows:

	HK$'000
0 – 60 days	2,845
61 – 90 days	7,300
91 – 180 days	–
Over 180 days	10,493
	20,638

Ageing analysis of trade payables of the discontinued operation presented based on invoice dates as at 31 March 2013 was as follows:

	HK$'000
0 – 60 days	1,503
61 – 90 days	–
Over 90 days	1,679
	3,182

An analysis of the net assets of Raise Beauty at the date of disposal (i.e. 22 October 2013) were as follows:

	HK$'000
Consideration received:	
Cash received (that does not include RMB80,000,000 for the settlement of the amount due from Raise Beauty to the Group and does not include the professional fee borne by the Buyer)	10,266
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	33,125
Intangible assets	63,834
Trade receivables	21,233
Other receivables	5,053
Bank balances and cash	98
Trade payables	(2,456)
Other payables and accrued liabilities	(2,264)
Tax payable	(1,891)
Deferred tax liability	(16,291)
Net assets disposal of	100,441
Gain on disposal of a subsidiary:	
Total consideration including professional fee borne by the Buyer	12,887
Net assets disposal of	(100,441)
Non-controlling interests	41,364
Settlement of current account upon disposal of a subsidiary	47,994
Transaction cost - professional fee borne by the Buyer	(2,621)
Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity to profit or loss on loss of control of the subsidiary	32,561
	31,744
Net cash inflow arising on disposal:	
Cash received	10,266
Less: bank balances and cash disposal of	(98)
	10,168

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

	2014	2013
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company and loss for the purposes of basic and diluted loss per share	**(147,229)**	(297,629)

	2014	2013
	'000	*'000*
Number of shares		
Weighted average number of shares for the purposes of basic and diluted loss per share	**1,164,543**	1,051,676

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:

	2014	2013
	HK$'000	*HK$'000*
Figures are calculated as follows:		
Loss for the year attributable to owners of the Company	**(147,229)**	(297,629)
Less: Profit (loss) for the year from discontinued operations	**25,463**	(84,073)
Loss for the purposes of basic and diluted loss per share from continuing operations	**(172,692)**	(213,556)

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 conversion of the Company's outstanding warrant and share options since their exercise would result in a decrease in loss per share from continuing operation.

From discontinued operations

For the year ended 31 March 2014, basic earning per share for the discontinued operations were HK2.2 cents per share respectively (2013: basic losses per share from discontinued operation was HK8.0 cents per share), based on profit for the year attributable to owners of the Company from the discontinued operations HK$25,463,000 (2013: loss for the year of HK$84,073,000) and the denominators detailed above for basic and diluted loss per share.

12. TRADE RECEIVABLES

	2014	2013
	HK$'000	*HK$'000*
Trade receivables	**3,317**	6,505
Less: allowance for doubtful debts	**(385)**	(385)
	2,932	6,120

The Group allows the general credit period of ranges from 0 to 90 days to customers of publishing and retailing and wholesales segments and 180 to 360 days to customers of crude oil exploration services segment, respectively. 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. As at 31 March 2013, the analysis does not include the crude oil exploration segment which is classified as part of disposal group held for sale.

	2014	2013
	HK$'000	*HK$'000*
0 – 60 days	**1,386**	2,354
61 – 90 days	**58**	66
91 – 180 days	**153**	54
Over 180 days	**1,335**	3,646
	2,932	6,120

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2014	2013
	HK$'000	*HK$'000*
Other receivables	4,535	11,711
Deposits and prepayments:	62,267	17,437
Prepayment for the purchase of red wine	26,047	–
Deposit for the acquisition placed in an escrow account	21,112	–
Others	15,108	17,437
	66,802	29,148

14. 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 disposal group held for sale.

	2014	2013
	HK$'000	*HK$'000*
0 – 60 days	**337**	1,584
61 – 90 days	**–**	6
Over 90 days	**24**	790
	361	2,380

DIVIDEND

No dividend was paid or proposed during the year of 2014, nor has any dividend been proposed since the end of reporting year (2013: nil)

FINANCIAL RESULTS

For the year ended 31 March 2014, the Group's overall turnover increased by approximately 16% to HK$31,216,000, of which approximately HK$11,080,000, HK$4,324,000, HK$12,984,000 and HK$2,828,000 (2013: HK$17,324,000, nil, HK$8,968,000 and HK$521,000) were attributable to our business of publishing, Chinese information infrastructure and online social music gaming platform, retailing and wholesales, and catering, respectively. In particular, there was HK$3,754,000 revenue generated from a 3D movie theatre project which has commenced operations in 2014. This is included in the Chinese information infrastructure and online social music gaming platform turnover.

The Group's consolidated net loss attributable to the owners of the Company in 2014 decreased to HK$147,229,000 or HK cents 12.6 per share (2013: loss of HK$297,629,000 or HK cents 28.3 per share). This was mainly due to lower cost incurred to develop online business by HK$88,978,000 and decreased in fair value change of held for trading investments in the amount of HK$12,978,000 as well as a HK$21,276,000 one time reserve release from the completion of the disposal of Raise Beauty Group.

Also, as at 31 March 2014, the Group's net asset value was approximately HK$328,119,000 and net asset value per weighted average number of 1,164,543,000 shares of the Company was approximately HK$0.28 (2013: HK$0.50). Decrease in net asset value was primarily due to the disposal of Raise Beauty Group, impairment loss on loans to an associate and allowance for inventories 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 up to 137,850,000 warrants (the "2013 Warrants") with subscription price of HK$0.2, conferring rights to subscribe for up to 137,850,000 new ordinary shares of the Company at an exercise price of HK$0.28 per share, to not less than 300 placees who are independent third parties, which are exercisable during the two years from 3 May 2011 to 2 May 2013, both days inclusive. The placing of the 2013 Warrants was completed on 29 April 2011 and was classified as equity instruments.

The proceeds from the placing of approximately HK$26,552,000, net of expenses incurred on warrants issue amounting HK$1,018,000, were used as general working capital of the Company.

For the year ended 31 March 2014, registered holders of 78,840,000 shares (31 March 2013: 53,180,000 shares) units of the 2013 Warrants exercised their rights to subscribe for 78,840,000 shares (31 March 2013: 53,180,000 shares) in the Company at exercise price of HK$0.28 per share. As at 31 March 2014, 137,730,000 units of the 2013 Warrants was exercised and 120,000 units of the 2013 Warrants was expired.

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 year, no non-listed warrants subscriber exercised their rights to subscribe share.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2014, the Group had bank and deposits with financial institutions balance in aggregate of approximately HK$182,802,000 and held for trading investment of HK$19,267,000. The Group has no significant exposure to foreign exchange rate fluctuation.

As of 31 March 2014, the Group had a net current assets position of approximately HK$289,185,000 (31 March 2013: HK$473,726,000) and a current ratio of 9.5 (31 March 2013: 9.0). The Group's total liabilities as of 31 March 2014 amounted to approximately HK$34,092,000 (31 March 2013: HK$59,065,000) and represented approximately 10.0% (31 March 2013: 12.1%) to equity attributable to owners of the Company.

Upon consideration of the above and expected cashflow, the Directors have no doubt that the Group will have sufficient liquidity to finance its daily operations. As always, the Group will continue to follow prudent and disciplined cash management practices on any excess liquidity.

EMPLOYMENT AND REMUNERATION POLICIES

As of 31 March 2014, the Group had a total of 140 employees of which 88 are based in Hong Kong, 20 in Macau and 32 in PRC. Total staff costs incurred during the year amounted to approximately HK$37,239,000 (31 March 2013: HK$18,266,000). 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

Having been in the cultural business for over 40 years in Hong Kong, we are proud to be one of the largest comic book publishers in Asia since the 1970s. We are now expanding our portfolio from mainly martial styles to a new one targeting mainland China with the good deeds Chinese traditional stories. We also make mobile games in monitizing our titles. In particular, we are excited to share with our shareholders about the meaningful yet promising business initiative we have started reaping fruits.

The whole story started from a current social problem about the “left-behind children” in China. The rapid economic development in China caused a worsening income polarization problem that forced millions of village farmers to migrate to the cities as factory workers. This has created millions of children left behind in the rural areas under the care of relatives, mostly uneducated grandparents or family friends. Often, the caretakers do not have the physical ability, financial means or the knowledge needed to take care of the children. This causes the left-behind children to stay under-priviledged and to suffer from developmental issues, increasing their vulnerability to becoming victims of human trafficking or involved in criminal activities. The number of this group is estimated to be in the range of 60 millions currently.

In response to this issue, we have started a 3D movie theatre and shopping kiosks project in western Guangdong to provide entertainment and merchandise of superb quality for our future generations. This is very much welcome and highly supported by the local government for our excellent services provided to the local community, who couldn’t have the access to such in the past. The early results have been very encouraging, generating over HK$3,754,000 revenue in less than one full operating year. As always, we believe in being a responsible corporate citizen as this is the key to our long term success. The early yet important success of this project reinforces our persistence in aligning our interests with our key stakeholders. We believe our shareholders would also be delighted with this update.

Turning back to the more technical aspect, we are glad to update you that we have effectively finished the infrastructure of our social and gaming platform, Ucan.com, that integrates music, gaming, and Online-to-Offline (O2O) e-commerce. With our top-of-the-class network with companies like International Business Machines (IBM), tvb.com, China Mobile and the Industrial and Commercial Bank of China, we are now actively enriching our contents creation and partnership every single second. All in all, we are getting increasingly confident and ever more enthusiastic in building a unique platform providing quality entertainment, cultural and lifestyle contents and services targeting the fast growing mainland China market leveraging on our long standing leadership and network here in Hong Kong, the metropolitan city in the country and Asia.

PROSPECT

In an execution mode, our team is ready to excel in the business strategies we have been planning in the last few years. As always, we understand the need for changes as we progress and we are fully prepared for that. We would like to ensure our respected shareholders that all of us in the Company would strive to deliver satisfactory results, and we would look forward to celebrating our success together very soon. We are sure that our shareholders would share the same thought and vision.

To capture the diversified preferences of game players around the world, we will continue to bring in high quality mobile games from both external developers and internal development to cover the global market. We believe in and will continue bringing niche products to the market with a clear differentiation of our brand.

While we are confident in the business prospects of the various business initiatives discussed above, we are fully aware of the external headwinds in the global economy, with the tapering actions taken by the Federal Reserve of the United States and the long due albeit short term slowdown of the Chinese economy. That said, we have now built a platform covering not just the mainland China market but a global footage. This has rendered our business model more resilient than ever. We look forward to sharing an encouraging update soon.

CLOSURE OF REGISTERS OF MEMBERS AND WARRANTHOLDERS

The Principal Register of Members and the branch Registers of Members and Warrantholders will be closed from 7 August 2014 to 11 August 2014 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for attending the 2014 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. 6 August 2014.

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 2014.

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 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 throughout the year ended 31 March 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 12 August 2013 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 2014.

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, 27 June 2014

As at the date of this announcement, the Board comprises of Ms. Chow Lai Wah Livia (being the Vice Chairman and executive Director), Dr. Lai Tak Kwong, Andrew, 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 (being 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*