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 2010

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 2010 together with the comparative figures for the corresponding year of 2009 are as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2010

	Notes	**2010** *HK$'000*	2009 *HK$'000*
Revenue	3	**43,106**	46,811
Cost of sales		**(22,776)**	(29,220)
Gross profit		**20,330**	17,591
Other income		**8,233**	3,733
Administrative expenses		**(61,651)**	(51,159)
Increase/(Decrease) in fair value of financial assets at fair value through profit or loss		**43,655**	(68,099)
Share of losses of associates		**(3,329)**	(5,552)
Gain arising on acquisition of a subsidiary		**–**	20,925
Valuation surplus/(deficit) on investment properties		**30,985**	(17,233)
Impairment of intangible assets		**(33,422)**	–
Finance costs	4	**(9)**	(180)
Profit/(Loss) before income tax	5	**4,792**	(99,974)
Income tax credit	6	**5,769**	7,085
Profit/(Loss) for the year		**10,561**	(92,889)

	Notes	2010 HK$'000	2009 HK$'000
Other comprehensive income			
Exchange gain on translation of financial statements of foreign operations		**2,329**	8,898
Revaluation gain on buildings upon transfer to investment properties		**–**	1,046
Deferred tax liabilities arising from revaluation gain of investment properties		**–**	(172)
Other comprehensive income for the year		**2,329**	9,772
Total comprehensive income for the year		**12,890**	(83,117)
Profit/(Loss) for the year attributable to:			
Owners of the Company		**11,731**	(92,889)
Minority interest		**(1,170)**	–
		10,561	(92,889)
Total comprehensive income attributable to:			
Owners of the Company		**14,060**	(83,117)
Minority interest		**(1,170)**	–
		12,890	(83,117)
Earnings/(Loss) per share for profit/(loss) attributable to the owners of the Company during the year			
Basic	7	**HK1.7 cents**	HK(13.1) cents
Diluted	7	**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2010

	Notes	2010 HK$'000	2009 HK$'000
Non-current assets			
Property, plant and equipment		**76,868**	56,982
Prepaid lease payments		**13,857**	14,239
Investment properties		**151,236**	120,251
Long term deposits		**2,284**	2,268
Interests in associates		**23,718**	25,084
Goodwill		**2,617**	–
Intangible assets		**167,870**	207,000
Available-for-sale financial asset		**10,000**	–
		448,450	425,824
Current assets			
Inventories		**1,969**	280
Trade receivables	8	**12,693**	16,135
Prepaid lease payments		**382**	382
Other receivables, deposits and prepayments		**19,446**	69,599
Amounts due from fellow subsidiaries of an associate		**–**	236
Amounts due from associates		**48**	21
Tax recoverable		**36**	153
Financial assets at fair value through profit or loss		**86,378**	77,582
Bank balances and deposits with financial institutions		**160,514**	130,240
		281,466	294,628
Current liabilities			
Trade payables	9	**5,058**	5,160
Other payables and accrued charges		**20,182**	26,478
Amounts due to fellow subsidiaries of an associate		**1,174**	1,233
Amounts due to associates		**641**	–
Obligations under finance leases – due within one year		**43**	43
Tax payable		**703**	176
		27,801	33,090
Net current assets		**253,665**	261,538
Total assets less current liabilities		**702,115**	687,362

	2010	2009
	HK$'000	*HK$'000*
EQUITY		
Share capital	**689,256**	689,456
Reserves	**(46,855)**	(63,027)
Equity attributable to owners of the Company	**642,401**	626,429
Minority interest	**3,499**	–
Total equity	**645,900**	626,429
Non-current liabilities		
Obligations under finance leases		
– due after one year	**93**	135
Deferred tax liabilities	**56,122**	60,798
	56,215	60,933
	702,115	687,362

1. **BASIS OF PREPARATION**

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The financial statements have been prepared under historical cost convention except for investment properties and financial assets at fair value through profit or loss which are stated at fair values.

2. **ADOPTION OF NEW OR AMENDED HKFRSs**

In the current year, the Group has applied, for the first time the following new standards, amendments and interpretations (the "new HKFRSs") issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 April 2009:

HKAS 1 (Revised 2007)	Presentation of financial statements
HKAS 23 (Revised 2007)	Borrowing costs
HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate
HKFRS 2 (Amendments)	Share-based payment – vesting conditions and cancellation
HKFRS 7 (Amendments)	Improving disclosures about financial instruments
HKFRS 8	Operating segments
Various	Annual improvements to HKFRSs 2008

Other than as noted below, the adoption of the new HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

HKAS 1 (Revised 2007) Presentation of financial statements

The adoption of HKAS 1 (Revised 2007) makes certain changes to the format and titles of the primary financial statements and to the presentation of some items within these statements. A third statement of financial position as at the beginning of the earliest comparative period is required when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements or when it reclassifies items in its financial statements. It also gives rise to additional disclosures.

The measurement and recognition of the Group's assets, liabilities, income and expenses is unchanged. However, some items that were recognised directly in equity are now recognised in other comprehensive income. HKAS 1 affects the presentation of owner changes in equity and introduces a 'Statement of comprehensive income'. Comparatives have been restated to conform with the revised standard. The Group has applied changes to its accounting policies on presentation of financial statements and segment reporting retrospectively. However, the changes to the comparatives have not affected the consolidated or company statement of financial position at 1 April 2008 and accordingly the third statement of financial position as at 1 April 2008 is not presented.

HKAS 23 (Revised 2007) Borrowing costs

HKAS 23 requires borrowing costs incurred for the acquisition, construction or production or any qualifying asset to be capitalised during the period of time that is required to complete and prepare the asset for its intended use. In prior year, the Group recognised all the borrowing costs in expenses. Under the revised accounting standard, borrowing costs related to acquisition, construction or production of any qualifying asset will be capitalised accordingly.

HKAS 27 (Amendments) Cost of an investment in a subsidiary, jointly controlled entity or an associate

The amendment requires the investor to recognise dividends from a subsidiary, jointly controlled entity or associate in profit or loss irrespective the distributions are out of the investee's pre-acquisition or post-acquisition reserves. In prior years, the Company recognised dividends out of pre-acquisition reserves as a recovery of its investment in the subsidiaries, jointly controlled entity or associates (i.e. a reduction of the cost of investment). Only dividends out of post-acquisition reserves were recognised as income in profit or loss.

Under the new accounting policy, if the dividend distribution is excessive, the investment would be tested for impairment according to the Company's accounting policy on impairment of non-financial assets.

The new accounting policy has been applied prospectively as required by these amendments to HKAS 27 and therefore no comparatives have been restated.

HKFRS 2 (Amendments) Share-based payment vesting conditions and cancellation

The HKFRS 2 (Amendments) clarifies that vesting conditions are service conditions and performance conditions only. Any other conditions are non-vesting conditions. Where an award does not vest as a result of a failure to meet a non-vesting condition that is within the control of either the entity or the counterparty, this is accounted for as a cancellation.

HKFRS 7 (Amendments) Improving disclosures about financial instruments

The amendments require additional disclosures for financial instruments which are measured at fair value in the statement of financial position. These fair value measurements are categorised into a three-level fair value hierarchy, which reflects the extent of observable market data used in making the measurements. In addition, the maturity analysis for derivative financial liabilities is disclosed separately and should show remaining contractual maturities for those derivatives where this information is essential for an understanding of the timing of the cash flows. The Group has taken advantage of the transitional provisions in the amendments and has not provided comparative information in respect of the new requirements.

HKFRS 8 Operating segments

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

Annual improvements to HKFRSs 2008

In October 2008, the HKICPA issued the first Annual improvements to HKFRSs which set out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. These amendments did not have any material impact on the results and financial position for the current and prior periods.

At the date of authorisation of these financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. Information on new and amended HKFRSs that are expected to have impact on the Group's accounting policies is provided below. Certain other new and amended HKFRSs have been issued but are not expected to have a material impact of the Group's financial statements.

HKFRS 3 (Revised) Business combinations

The standard is applicable in reporting periods beginning on or after 1 July 2009 and will be applied prospectively. The new standard still requires the use of the purchase method (now renamed the acquisition method) but introduces material changes to the recognition and measurement of consideration transferred and the acquiree's identifiable assets and liabilities, and the measurement of non-controlling interests (previously known as minority interest) in the acquiree. The new standard is expected to have a significant effect on business combinations occurring in reporting periods beginning on or after 1 July 2009.

HKFRS 9 Financial instruments

The standard is effective for accounting periods beginning on or after 1 January 2013 and addresses the classification and measurement of financial assets. The new standard reduces the number of measurement categories of financial assets and all financial assets will be measured at either amortised cost or fair value based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Fair value gains and losses will be recognised in profit or loss except for those on certain equity investments which will be presented in other comprehensive income. The directors are currently assessing the possible impact of the new standard on the Group's results and financial position in the first year of application.

HKAS 27 (Amendments) Consolidated and separate financial statements

The revised standard is effective for accounting periods beginning on or after 1 July 2009 and introduces changes to the accounting requirements for the loss of control of a subsidiary and for changes in the Group's interest in subsidiaries. Total comprehensive income must be attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. The directors do not expect the standard to have a material effect on the Group's financial statements.

Annual improvements 2009

The HKICPA has issued Improvements to Hong Kong Financial Reporting Standards 2009. Most of the amendments become effective for annual periods beginning on or after 1 January 2010. The Group expects the amendment to HKAS 17 Leases to be relevant to the Group's accounting policies. Prior to the amendment, HKAS 17 generally required a lease of land to be classified as an operating lease. The amendment requires a lease of land to be classified as an operating or finance lease in accordance with the general principles in HKAS 17. The Group will need to reassess the classification of its unexpired leases of land at 1 January 2010 on the basis of information existing at the inception of those leases in accordance with the transitional provisions for the amendment. The amendment will apply retrospectively except where the necessary information is not available. In that situation, the leases will be assessed on the date when the amendment is adopted. The directors are currently assessing the possible impact of the amendment on the Group's results and financial position in the first year of application.

3. SEGMENT INFORMATION

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major product and service lines.

The Group has identified the following reportable segments:

– Publishing: Publication of comic books and royalty income from licensing comic books
– Property investment: Property investment for the property located in Hong Kong
– Crude oil exploration services: Crude oil exploration services in the People's Republic of China (the "PRC")
– Chinese information infrastructure: Providing customers for server management and data warehousing
– Electronic card service: Electronic card payment services in convenience stores, supermarkets, fast-food restaurants, hotel, online shopping and other point-of-sale applications such as service stations and vending machines
– Retailing and wholesales: Retailing of clothes, cosmetics and ladies accessories in Hong Kong and Macau and wholesales of insulation materials in Japan

Information about other business activities and operating segments that are not reportable are combined and disclosed in "Others". Others included catering services in Macau.

Each of these operating segments is managed separately as each of the product and service lines requires different resources as well as marketing approaches. All inter-segment transfers are carried out at arms length prices.

The measurement policies the Group uses for reporting segment results under HKFRS 8 are the same as those used in its financial statements prepared under HKFRSs, except for fair value change in financial assets at fair value through profit or loss, fair value adjustments on investment properties, share of results of associates, finance costs, income tax and corporate income and expenses which are not directly attributable to the business activities of any operating segment are not included in arriving at the operating results of the operating segment.

Segment assets consist primarily of goodwill, intangible assets, property, plant and equipment, prepaid lease payments, inventories, receivables, investment properties and operating cash, and mainly exclude interests in associates, available-for-sale financial asset, financial assets at fair value through profit or loss, amounts due from fellow subsidiaries of an associate and amounts due from associates. In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment, which primarily applies to the Group's headquarter.

Segment liabilities exclude amounts due to fellow subsidiaries of an associate and amounts due to associates. In addition, corporate liabilities which are not directly attributable to the business activities of any operating segment and are not allocated to a segment. These include taxation and certain corporate borrowings.

These operating segments are monitored and strategic decisions are made based on segment's performance.

The Group is currently organised into six main business segments:

2010

	Publishing	Property investment	Crude oil exploration services	Chinese information infrastructure	Electronic card service	Retailing and wholesales	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue								
From external customers	26,464	6,482	8,786	–	145	815	414	43,106
From other segments	38	1,196	–	–	–	17	–	1,251
Reportable segment revenue	26,502	7,678	8,786	–	145	832	414	44,357
Reportable segment profit/(loss)	2,964	(243)	(45,165)	(4,451)	(3,382)	(6,769)	(4,860)	(61,906)
Other information								
Provision for impairment of trade receivables	155	–	–	–	–	–	–	155
Amortisation of prepaid lease payments	–	382	–	–	–	–	–	382
Amortisation of intangible assets	–	–	11,592	–	894	–	–	12,486
Impairment of intangible assets	–	–	33,422	–	–	–	–	33,422
Bank interest income	–	–	(10)	–	(26)	–	(945)	(981)
Depreciation of property, plant and equipment	150	858	3,617	–	287	821	2,962	8,695
Reportable segment assets	13,785	169,616	267,037	2,027	16,613	4,613	6,187	479,878
Additions to non-current assets	67	254	23,593	–	5,626	1,286	2,818	33,644
Reportable segment liabilities	(7,397)	(1,645)	(8,261)	(459)	(6,040)	(2,045)	(128)	(25,975)

2009

	Publishing *HK$'000*	Property investment *HK$'000*	Crude oil exploration services *HK$'000*	Chinese information infrastructure *HK$'000*	Others *HK$'000*	Total *HK$'000*
Revenue						
From external customers	34,983	6,455	5,331	42	–	46,811
From other segments	–	1,171	–	–	–	1,171
Reportable segment revenue	34,983	7,626	5,331	42	–	47,982
Reportable segment profit/(loss)	4,217	2,573	(3,202)*	(10,277)	–	(6,689)
Other information						
Amortisation of prepaid lease payments	–	–	–	–	504	504
Amortisation of intangible assets	–	–	11,920	–	–	11,920
Bank interest income	(3)	–	(751)	(15)	(1,922)	(2,691)
Depreciation of property, plant and equipment	164	1,079	1,549	469	967	4,228
Loss on disposal of property, plant and equipment	–	–	–	–	19	19
Gain arising on acquisition of a subsidiary	–	–	(20,925)	–	–	(20,925)
Reportable segment assets	15,272	138,803	308,066	10,923	–	473,064
Additions to non-current assets	53	34	24,200	5,852	310	30,449
Reportable segment liabilities	(8,256)	(2,707)	(15,566)	(1,870)	–	(28,399)

* Comparative information was re-grouped in the current year for a fairer presentation of the Group's segment information, including the reclassification of amortisation of intangible assets from unallocated corporate expenses to crude oil exploration services segment result.

The totals presented for the Group's operating segments reconcile to the Group's key financial figures as presented in the financial statements are as follows:

	2010	2009
	HK$'000	*HK$'000*
Reportable segment revenue	**44,357**	47,982
Elimination of inter segment revenue	**(1,251)**	(1,171)
Group revenue	**43,106**	46,811
Reportable segment loss	**(61,906)**	(6,689)
Increase/(Decrease) in fair value of financial assets at fair value through profit or loss	**43,655**	(68,099)
Share of losses of associates	**(3,329)**	(5,552)
Unallocated corporate expenses	**(4,604)**	(2,221)
Finance costs	**(9)**	(180)
Valuation surplus/(deficit) on investment properties	**30,985**	(17,233)
Profit/(Loss) before income tax	**4,792**	(99,974)
Reportable segment assets	**479,878**	473,064
Interests in associates	**23,718**	25,084
Available-for-sale financial asset	**10,000**	–
Amounts due from fellow subsidiaries of an associate	**–**	236
Amounts due from associates	**48**	21
Financial assets at fair value through profit or loss	**86,378**	77,582
Other corporate assets	**129,894**	144,465
Group assets	**729,916**	720,452
Reportable segment liabilities	**25,975**	28,399
Amounts due to fellow subsidiaries of an associate	**1,174**	1,233
Amounts due to associates	**641**	–
Other corporate liabilities	**56,226**	64,391
Group liabilities	**84,016**	94,023

The Group's revenues from external customers and its non-current assets (other than deferred tax assets) are divided into the following geographical areas:

	Revenue from customers		Non-current assets	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (place of domicile)	**33,002**	41,438	**200,199**	168,599
The PRC	**8,931**	5,331	**241,933**	255,008
Macau	**1,042**	42	**6,141**	2,217
Japan	**131**	–	**177**	–
	43,106	46,811	**448,450**	425,824

The geographical location of customers is based on the location at which the services were provided or the goods were delivered. The geographical location of the non-current assets is based on the physical location of the assets.

During the year ended 31 March 2010, three (2009: three) customers with whom transactions of each has exceeded 10% of the Group's revenue. Total revenue from these three (2009: three) customers accounted for 24% (2009: 44%), 18% (2009: 14%) and 20% (2009: 11%) of the Group's revenue for the year respectively. As at the reporting date, total trade receivables due from these three (2009: three) customers accounted for 11% (2009: 11%), 12% (2009: 7%), 52% (2009: 69%) of such balances respectively. The sales of these customers are included in the segment of publishing, publishing and crude oil exploration services respectively.

4. FINANCE COSTS

	2010	2009
	HK$'000	*HK$'000*
Interest charges on:		
Finance leases	**9**	9
Other borrowings wholly repayable within five years	**–**	171
	9	180

5. PROFIT/(LOSS) BEFORE INCOME TAX

	2010	2009
	HK$'000	*HK$'000*
Profit/(Loss) before income tax has been arrived at after charging/(crediting):		
Staff costs	**20,646**	17,478
Auditors' remuneration	**880**	897
Provision for impairment of trade receivables	**155**	–
Amortisation of prepaid lease payments	**382**	504
Amortisation of intangible assets	**12,486**	11,920
Depreciation of property, plant and equipment	**8,695**	4,228
Cost of inventories recognised as expenses	**14,517**	23,023
Impairment of intangible assets	**33,422**	–
Operating lease rentals in respect of rented premises	**6,065**	6,056
Loss on disposal of property, plant and equipment	**–**	19
Property rental income under operating leases, net of direct outgoings of HK$669,000 (2009: HK$674,000)	**(5,813)**	(5,781)
Dividend income	**(277)**	(14)
Net foreign exchange (gain)/loss	**(19)**	274

6. INCOME TAX CREDIT

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profits for the year. PRC Enterprise Income Tax has been provided at 25% on the estimated assessable profits in the PRC for the year (2009: 25%).

	2010	2009
	HK$'000	*HK$'000*
The tax credit comprises:		
Current tax		
– Hong Kong profits tax	**58**	–
– PRC Enterprise Income Tax	**538**	–
Over provision in prior years		
– Hong Kong profits tax	**–**	(26)
Deferred tax		
– Deferred tax credited	**(6,365)**	(6,299)
– Attributable to decrease in tax rate	**–**	(760)
	(5,769)	(7,085)

7. EARNINGS/(LOSS) PER SHARE

The calculation of the basic earnings/(loss) per share attributable to the owners of the Company is based on profit for the year of HK$11,731,000 (2009: a loss of HK$92,889,000) and weighted average number of 689,260,000 (2009: 708,107,000) ordinary shares in issue during the year.

No diluted earnings/(loss) per share has been presented for both years because the exercise prices of the Company's share options were higher than the average market price of the Company's shares in the years .

8. TRADE RECEIVABLES

	2010	2009
	HK$'000	*HK$'000*
Trade receivables	**15,620**	18,907
Less: Impairment of trade receivables	**(2,927)**	(2,772)
	12,693	16,135

The directors of the Company considered that the fair values of trade receivables are not materially different from their carrying amounts because these amounts have short maturity periods at their inception.

The following is the ageing analysis (based on invoice date) of trade receivables at the reporting date:

	2010	2009
	HK$'000	*HK$'000*
0 – 60 days	**8,010**	4,518
61 – 90 days	**1,487**	1,128
91 – 180 days	**3,148**	855
Over 181 days	**48**	9,634
	12,693	16,135

Credit periods granted to customers of publishing, property investment, crude oil exploration services, electronic card service and retailing and wholesales are normally 30 to 90 days, 30 days, 180 to 360 days, 0 to 60 days and 0 to 60 days respectively (2009: 30 to 90 days, 30 days, 180 to 360 days, nil and nil).

Trade receivables are interest-free and unsecured. The directors consider that the carrying amounts of trade receivables approximate to their fair values.

9. TRADE PAYABLES

The following is the ageing analysis of trade payables at the reporting date:

	2010	2009
	HK$'000	*HK$'000*
0 – 60 days	**2,170**	2,702
61 – 90 days	**933**	1,010
Over 90 days	**1,955**	1,448
	5,058	5,160

The balances as at the reporting date are interest-free and are expected to be settled within one year. The directors consider that the carrying amounts of trade payables approximate to their fair values.

DIVIDEND

The Board of Directors has resolved not to declare any final dividend for the year ended 31 March 2010 (2009: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

For the year ended 31 March 2010, the Group's overall revenue from external customers decreased slightly by approximately 7.9% to HK$43,106,000, of which approximately HK$26,464,000, HK$6,482,000, HK$8,786,000, nil, HK$145,000, HK$815,000 and HK$414,000 (2009: HK$34,983,000, HK$6,455,000, HK$5,331,000, HK$42,000, nil, nil and nil) were attributable to our business of publishing, property investment, crude oil exploration services, Chinese information infrastructure, electronic card service, retailing and wholesales and others respectively.

The Group's consolidated net loss attributable to the owners of the Company in 2009 turned to net profit in 2010 (loss of HK$92,889,000 or HK13.1 cents loss per share in 2009 to profit of HK$11,731,000 or HK1.7 cents earnings per share in 2010). This improvement in performance was largely due to disposals of financial assets as well as from fair value changes in financial assets and investment properties, offset by an impairment charge taken on the crude oil exploration services. Overall, by focusing on core operations, capturing promising growth opportunities in the Chinese retail market, and being prudent in its investment decisions, the Group has progressed rapidly from its less-than-desirable position to a much more stable and hopeful present state. Therefore, the Group is optimistic of its future, as the steps taken along the way have demonstrated that what is to come can only be better.

Also, as of 31 March 2010, the Group's net asset value was HK$645,900,000 and net asset value per weighted average number of 689,260,000 shares of the Company was approximately HK$0.94 (2009: HK$0.88). Increase in net asset value was primarily due to fair value changes in financial assets and investment properties that took place during this year.

Warrants

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

During the year, no registered holders of the 2010 Warrants exercised their rights to subscribe for Company's shares. All of the 2010 Warrants were lapsed on 6 January 2010 and thus an amount of HK$23,105,000 was transferred from other reserve to accumulated losses directly.

Acquisition

On 31 May 2009, the Group acquired 53% of 上海旅聯信息服務有限公司("上海旅聯") at a total cash consideration of RMB7,000,000. The principal activity of 上海旅聯 is the provision of electronic card service.

Liquidity and Financial Resources

As at 31 March 2010 the Group had bank and deposits with financial institutions balances in aggregate of approximately HK$160,514,000 and financial assets at fair value through profit or loss of approximately HK$86,378,000. The Group has no significant exposure to foreign exchange rate fluctuation.

As of 31 March 2010, the Group had a net current asset of approximately HK$253,665,000 (31 March 2009: HK$261,538,000) and a current ratio of 10.12 (31 March 2009: 8.9). The Group's total liabilities as of 31 March 2010 amounted to approximately HK$84,016,000 (31 March 2009: HK$94,023,000) and represented approximately 13% (31 March 2009: 15%) to shareholders' equity.

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

Employment and Remuneration Policies

As of 31 March 2010, the Group had a total of 129 (2009: 96) employees. Total staff costs incurred during the year amounted to approximately HK$20,646,000 (2009: HK$17,478,000). 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

Although the aftermath of the global economic turmoil in the past few years is on its way to recovery, by no means do businesses come in an easy breeze. Our Group continues to act with great prudence, in order to ensure its businesses are always operating on the most efficient and effective enterprise. As before, our Group has implemented guidelines to regularly revalue its position in the marketplace, and has set up allowances on businesses that were not run efficiently in the past year. We have also refocused on our core competence of comics licensing, while continually branching out to exciting businesses with enormous growth potential. The economic recoveries observed in 2009 and 2010 have certainly benefitted many of our businesses. Although crude oil prices have stabilized, oil explorations, in many areas, are still lagging behind. With production at less-than-optimal output, our Group prudently took an impairment charge that affected the bottom line, but fortunately its impact was masked by gains from disposals of financial assets as well as fair value changes in financial assets and investment properties, resulting in an overall result that was still fair as compared to that of previous years. The management of the Group anticipates that as the economy begins to move to a more favorable direction, our investments will regain their intrinsic values, and Culturecom can then out-perform its competitors with great ease.

With respect to the technology-business, our Group actively seeks for 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 reach 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 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 started to pick up gradually from last year, but owing to the drilling and exploration activities which were completed at a slower rate than expected, operating earnings were negatively affected. As a result, our Group had to take an impairment charge of approximately HK$33.42 million to reflect the slowdown in exploration over the past few years; nevertheless, our Group is satisfied with this investment so far, with an acquisition gain recorded earlier of approximately HK$49.37 million (HK$28.44 million from negative goodwill and HK$20.93 million from profit guarantee). As the commodity market continues to heat up, we are confident that the oil extraction venture in Shengli Oilfield and Chaoshui Basin has the potential to yield promising operational results.

Prospects

Looking ahead, our Group is excited about its future projects, and optimistic of its upcoming journey. We are proud of our acute vision on identifying prospective business opportunities, and will continue to foster our relationships with the existing cooperative partners and business associates. We have demonstrated that our concern for the potential to enhance shareholders' values and minimizing our exposure to risk continue to be our priorities. Our Group strongly believes in the enormous potential for conducting businesses in China. The Chinese retail market has been developing rapidly over the past few years, as evident in the many new chain store networks, malls and shopping streets appearing not only in the commercial cities of Beijing, Guangzhou and Shanghai but in the suburban areas as well. Leveraging on the Group's extensive network around the globe, its understanding and knowledge of Chinese business mentalities, as well as its professional technological platform, our Group is equipped with the resources necessary to effectively conduct business-to-business commerce and assist retailers to expand their businesses, both on the local and international levels. In addition to retails and wholesales, our Group has continued to make further inroads to our core business of animation and comics market in Asia, such as setting up educational programs and training grounds for artists and like-minded animators. 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 WARRANT HOLDER

The principal Register of Members and the branch Registers of Members will be closed from 7 September 2010 to 13 September 2010 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for attending the 2010 Annual General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shop 17M, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m., 12 September 2010.

REPURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

Neither the Company nor its subsidiaries have purchased, sold or redeemed any of the listed securities in the Company during the year ended 31 March 2010.

INDEPENDENT NON-EXECUTIVE DIRECTOR

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

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

AUDIT COMMITTEE

Following Mr. Lai Man To's retirement as independent non-executive Director of the Company, he ceased to be a member of the audit committee of the Company. For the period from 3 September 2009 to 16 November 2009, the audit committee of the Company comprises two members, namely Mr. Joseph Lee Chennault and Mr. Lai Qiang. The total number of members falls below the minimum number required under Rule 3.21 of the Listing Rules.

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

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 2010.

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 2010 except for the following deviations:

Code Provision A.4.1

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

Code Provision E.1.2

Under the code provision E.1.2, the chairman of the board should attend the annual general meeting. The Chairman of the Board, Mr. Cheung Wai Tung was unable to attend the annual general meeting of the Company held on 3 September 2009 as he was on business trip for other important business engagement. However, an Executive Director, present at the annual general meeting who then took the chair of that meeting in accordance with the Bye-Laws of the Company.

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

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" as set out in Appendix 10 to the Listing Rules as its own code for dealing in securities of the Company by the Directors (the "Model Code"). Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard as set out in the Model Code during the year ended 31 March 2010.

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
Cheung Wai Tung
Chairman

Hong Kong, 19 July 2010

As at the date of this announcement, the Board comprises of Mr. Cheung Wai Tung, Mr. Chu Bong Foo, Mr. Kwan Kin Chung, Mr. Henry Chang Manayan, Mr. Wan Xiaolin, Mr. Chung Billy, Mr. Tang U Fai, Mr. Tang Kwing Chuen Kenneth and Mr. Chen Man Lung (all being executive Directors); and Mr. Tsang Wai Wa, Mr. Joseph Lee Chennault and Mr. Lai Qiang (all being independent non-executive Directors).

* *For identification purpose only*