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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)

(Warrant Code: 453)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2009

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

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2009

	Notes	**2009** **HK$'000**	2008 HK$'000
Revenue	3	**46,811**	44,889
Cost of sales		**(29,220)**	(29,906)
Gross profit		**17,591**	14,983
Other income		**3,733**	13,475
Administrative expenses		**(51,159)**	(100,936)
Decrease in fair value of financial assets at fair value through profit or loss		**(68,099)**	(4,019)
Share of losses of associates		**(5,552)**	(11,051)
Allowances for amounts due from associates		**–**	(25,636)
Gain arising on acquisition of a subsidiary	10	**20,925**	28,444
Valuation (deficit)/surplus on investment properties		**(17,233)**	43,124
Finance costs	4	**(180)**	(789)
Loss before income tax	5	**(99,974)**	(42,405)
Income tax credit/(expense)	6	**7,085**	(7,160)
Loss for the year attributable to equity holders of the Company		**(92,889)**	(49,565)
			(Restated)
Loss per share attributable to equity holders of the Company during the year – basic	7	**HK13.1 cents**	HK8.9 cents
Dividends		**–**	–

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2009

	Notes	**2009** **HK$'000**	2008 HK$'000
Non-current assets			
Property, plant and equipment		**56,982**	31,172
Prepaid lease payments		**14,239**	19,281
Investment properties		**120,251**	130,816
Long term deposits		**2,268**	–
Interests in associates		**25,084**	25,758
Intangible assets		**207,000**	211,506
		425,824	418,533
Current assets			
Inventories		**280**	223
Trade receivables	8	**16,135**	11,623
Prepaid lease payments		**382**	504
Other receivables, deposits and prepayments		**69,599**	36,913
Amounts due from fellow subsidiaries of an associate		**236**	236
Amounts due from associates		**21**	12
Tax recoverable		**153**	45
Financial assets at fair value through profit or loss		**77,582**	75,098
Bank balances and deposits with financial institutions		**130,240**	311,302
		294,628	435,956
Current liabilities			
Trade payables	9	**5,160**	4,926
Other payables and accrued charges		**26,478**	32,430
Other borrowings		**–**	24,966
Amounts due to fellow subsidiaries of an associate		**1,233**	1,233
Obligations under finance leases – due within one year		**43**	32
Tax payable		**176**	244
		33,090	63,831
Net current assets		**261,538**	372,125
Total assets less current liabilities		**687,362**	790,658

	2009	2008
	HK$'000	*HK$'000*
EQUITY		
Equity attributable to equity holders of the Company		
Share capital	**689,456**	709,526
Reserves	**(63,027)**	15,260
Total equity	**626,429**	724,786
Non-current liabilities		
Obligations under finance leases – due after one year	**135**	40
Deferred tax liabilities	**60,798**	65,832
	60,933	65,872
	687,362	790,658

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 of Hong Kong Limited (the "Listing Rules").

2. ADOPTION OF NEW OR AMENDED HKFRSs

In the current year, the Group has applied, for the first time, the following new standards, amendment 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 2008.

HKAS 39 & HKFRS 7 (Amendments)	Amendments to HKAS 39 Financial Instruments: Recognition and Measurement and HKFRS 7 Financial Instruments: Disclosures – Reclassification of Financial Assets

The new HKFRSs had no material impact on how the results and financial position for the current or prior periods have been prepared and presented. Accordingly, no prior period adjustment is required.

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

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HKAS 32, HKAS 39 & HKFRS 7 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[1]
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement – Eligible Hedged Items[2]
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards[2]
HKFRS 1 and HKAS 27 (Amendments)	First-time Adoption of Hong Kong Finance Reporting Standards and Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or an Associate[1]
HKFRS 2 (Amendment)	Share-based Payment – Amendments Relating to Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combination – Comprehensive Revision on Applying the Acquisition Method[2]
HKFRS 7 (Amendments)	Improving Disclosures about Financial Instruments[1]
HKFRS 8	Operating Segments[1]
HK(IFRIC) – Interpretation 2 (Amendments)	Members' Shares in Co-operative Entities and Similar Instruments[1]
HK(IFRIC) – Interpretation 9 and HKAS 39 (Amendments)	Reassessment of Embedded Derivatives[6]
HK(IFRIC) – Interpretation 13	Customer Loyalty Programmes[7]
HK(IFRIC) – Interpretation 15	Agreements for the Construction of Real Estate[1]
HK(IFRIC) – Interpretation 16	Hedges of a Net Investment in a Foreign Operation[3]
HK(IFRIC) – Interpretation 17	Distributions of Non-cash Assets to Owners[2]
HK(IFRIC) – Interpretation 18	Transfer of Assets from Customers[4]

Various – Annual Improvements to HKFRS 2008 (May 2008)[5]

Various – Annual Improvements to HKFRS 2009 (April 2009)[8]

1 Effective for annual periods beginning on or after 1 January 2009

2 Effective for annual periods beginning on or after 1 July 2009

3 Effective for annual periods beginning on or after 1 October 2008

4 Effective for transfer of assets from customers received on or after 1 July 2009

5 Generally effective for annual periods beginning on or after 1 January 2009 unless otherwise stated in the specific HKFRSs

6 Effective for annual periods ending on or after 30 June 2009

7 Effective for annual periods beginning on or after 1 July 2008

8 Generally effective for annual periods beginning on or after 1 January 2010 unless otherwise stated in the specific HKFRSs

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 pronouncements.

Amongst these new standards and interpretations, HKAS 1 (Revised) Presentation of Financial Statements is expected to materially change the presentation of the Group's financial statements. These amendments affect the presentation of owner changes in equity and introduce a statement of comprehensive income. The Group will have the option of presenting items of income and expenses and components of other comprehensive income either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement of comprehensive income). These amendments do not affect the financial position or results of the Group but will give rise to additional disclosures.

In addition, HKFRS 8 Operating Segments may result in new or amended disclosures. The directors are in the process of identifying reportable operating segments as defined in HKFRS 8.

The directors are currently assessing the impact of the other new and amended HKFRSs upon initial application. So far, the directors have preliminary concluded that the initial application of these HKFRSs is unlikely to have a significant impact on the Group's results and financial position.

3. SEGMENT INFORMATION

Primary reporting format – Business segments

The Group is currently organised into four main business segments:

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

Income statement for the year ended 31 March 2009

	Publishing	Property investment	Crude oil exploration services	Chinese information infrastructure	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	**34,983**	**6,455**	**5,331**	**42**	**46,811**
Segment results	**4,217**	**2,573**	**8,718**	**(10,277)**	**5,231**
Unallocated expenses					**(82,240)**
Share of loss of associates					**(5,552)**
Valuation deficit on investment properties					**(17,233)**
Finance costs					**(180)**
Loss before income tax					**(99,974)**
Income tax credit					**7,085**
Loss for the year					**(92,889)**

Income statement for the year ended 31 March 2008

	Publishing *HK$'000*	Property investment *HK$'000*	Crude oil exploration services *HK$'000*	Chinese information infrastructure *HK$'000*	Consolidated *HK$'000*
Turnover	37,195	5,672	1,970	52	44,889
Segment results	(11,174)	34*	18,905*	(24,745)	(16,980)
Unallocated expenses					(31,073)
Share of loss of associates					(11,051)
Valuation surplus on investment properties*					43,124
Allowances for amounts due from associates					(25,636)
Finance costs					(789)
Loss before income tax					(42,405)
Income tax expense					(7,160)
Loss for the year					(49,565)

* Comparative information was re-grouped in the current year for a fairer presentation of the Group's segment information, including the reclassification of gain arising on acquisition of a subsidiary amounted HK$28,444,000 to crude oil exploration services segment results and the reclassification valuation surplus on investment properties from property investment segment result.

Balance sheet at 31 March 2009

	Publishing	Property investment	Crude oil exploration services	Chinese information infrastructure	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Assets					
Segment assets	**15,272**	**138,803**	**308,066**	**10,923**	**473,064**
Interests in associates					**25,084**
Amounts due from associates					**21**
Unallocated corporate assets					**222,283**
Consolidated total assets					**720,452**
Liabilities					
Segment liabilities	**8,256**	**2,707**	**15,566**	**1,870**	**28,399**
Unallocated corporate liabilities					**65,624**
Consolidated total liabilities					**94,023**

Balance sheet at 31 March 2008

	Publishing	Property investment	Crude oil exploration services	Chinese information infrastructure	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Assets					
Segment assets	19,240	157,365	307,529	13,841	497,975
Interests in associates					25,758
Amounts due from associates					12
Unallocated corporate assets					330,744
Consolidated total assets					854,489
Liabilities					
Segment liabilities	9,581	1,485	48,838	1,793	61,697
Unallocated corporate liabilities					68,006
Consolidated total liabilities					129,703

Other information for the year ended 31 March 2009

	Publishing	**Property investment**	**Crude oil exploration services**	**Chinese information infrastructure**	**Unallocated**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Capital expenditures	**53**	**34**	**24,200**	**5,852**	**310**	**30,449**
Amortisation of prepaid lease payments	**–**	**–**	**–**	**–**	**504**	**504**
Amortisation of intangible assets	**–**	**–**	**11,920**	**–**	**–**	**11,920**
Depreciation of property, plant and equipment	**164**	**1,079**	**1,549**	**469**	**967**	**4,228**

Other information for the year ended 31 March 2008

	Publishing	Property investment	Crude oil exploration services	Chinese information infrastructure	Unallocated	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Capital expenditures	2,761	125	231,273	569	–	234,728
Amortisation of prepaid lease payments	–	–	–	–	335	335
Amortisation of intangible assets	–	–	2,879	–	–	2,879
Depreciation of property, plant and equipment	712	715	262	639	450	2,778

Secondary reporting format – Geographical segments

The Group's operations are located in Hong Kong, Macau and other regions in the People's Republic of China ("PRC").

The following table provides an analysis of the Group's revenue by location of markets, irrespective of the origin of the goods/services:

	Revenue	
	2009	2008
	HK$'000	*HK$'000*
Hong Kong	**41,438**	42,867
PRC	**5,331**	1,970
Macau	**42**	52
	46,811	44,889

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment and intangible assets, analysed by the geographical area in which the assets are located:

	Segment assets		Capital expenditures	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**154,370**	181,572	**397**	2,886
PRC	**308,166**	308,622	**24,200**	231,273
Macau	**10,528**	7,781	**5,852**	569
	473,064	497,975	**30,449**	234,728

4. FINANCE COSTS

	2009	2008
	HK$'000	*HK$'000*
Interest charges on:		
Finance leases	**9**	4
Other borrowings wholly repayable within five years	**171**	621
Convertible bonds	**–**	164
	180	789

5. LOSS BEFORE INCOME TAX

	2009	2008
	HK$'000	*HK$'000*
Loss before income tax has been arrived at after charging/(crediting):		
Staff costs	**17,478**	30,423
Auditors' remuneration	**897**	760
Allowances for trade and other receivables	**–**	571
Amortisation of prepaid lease payments	**504**	335
Amortisation of intangible assets	**11,920**	2,879
Depreciation of property, plant and equipment	**4,228**	2,778
Cost of inventories recognised as expenses	**23,023**	24,829
Operating lease rentals in respect of rented premises	**6,056**	3,633
Property rental income under operating leases, net of direct outgoings of HK$674,000 (2008: HK$122,000)	**(5,781)**	(5,550)
Net foreign exchange loss	**274**	8

6. INCOME TAX (CREDIT)/EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 17.5%) on the estimated assessable profit for the year. No PRC Enterprise Income Tax has been provided as the Group did not derive any assessable income in the PRC during the year.

	2009	2008
	HK$'000	*HK$'000*
The tax (credit)/expense comprises:		
Current tax		
– Hong Kong profit tax	**–**	110
Over provision in prior years		
– Hong Kong profit tax	**(26)**	–
Deferred tax		
– Deferred tax (credited)/charged	**(6,299)**	7,050
– Attributable to decrease in tax rate	**(760)**	–
	(7,085)	7,160

7. LOSS PER SHARE

The calculation of the basic loss per share attributable to the equity holders of the Company is based on the loss for the year of HK$92,889,000 (2008: HK$49,565,000) and the weighted average number of 708,107,000 (2008: 557,931,200) ordinary shares in issue during the year, as adjusted for the effect of the consolidation of ordinary shares of the Company on the basis that every ten then existing issued ordinary share of HK$0.1 each were consolidated into one ordinary share of HK$1.0 effective from 4 November 2008.

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

8. TRADE RECEIVABLES

	2009	2008
	HK$'000	*HK$'000*
Trade receivables	**18,907**	14,395
Less: Impairment of trade receivables	**(2,772)**	(2,772)
	16,135	11,623

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

	2009	2008
	HK$'000	*HK$'000*
0 – 60 days	**4,518**	6,066
61 – 90 days	**1,128**	1,003
91 – 180 days	**855**	2,832
Over 180 days	**9,634**	1,722
	16,135	11,623

Credit periods granted to customers of publishing, investment properties and crude oil exploration services are normally 30 to 90 days, 30 days and 180 days to 360 days respectively (2008: 30 to 90 days, 30 days and 180 days to 360 days).

Ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired as at balance sheet date is as follows:

	2009	2008
	HK$'000	*HK$'000*
Not yet past due nor impaired	**15,498**	10,502
Past due but not considered impaired		
0 – 60 days	**477**	133
61 – 90 days	**–**	46
91 – 180 days	**160**	942
	16,135	11,623

Trade receivables that are not yet past due relate to a wide range of customers for whom there was no recent history of default. Trade receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group do not hold any collateral over these balances.

The Group allows an average credit period ranging from 30 days to 360 days depending on the business segments. In general, trade receivables that are aged below one year are not considered impaired based on management's historical experience and the Group would consider impairment provision for trade receivables which are aged one year or above.

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 an ageing analysis of trade payables at the balance sheet date:

	2009	2008
	HK$'000	*HK$'000*
0 – 60 days	**2,702**	2,290
61 – 90 days	**1,010**	908
Over 90 days	**1,448**	1,728
	5,160	4,926

The balances as at the balance sheet 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.

10. BUSINESS COMBINATION

On 21 January 2008, the Group completed the acquisition in the Raise Beauty Group through Success Dynasty Limited, a 100% indirectly-owned subsidiary of the Company, at the total consideration of HK$134,435,000 by the issuance of 1,000,000,000 new shares to the vendor. Details of the acquisition are set out in the Company's circular dated 11 December 2007 ("the Circular"). The principal activity of Raise Beauty Group is the provision of crude oil exploration services.

Details of the net assets acquired and negative goodwill as at 31 March 2008 were as follows:

	HK$'000
Total purchase consideration	134,435
Fair value of net assets acquired	(162,879)
Excess of the carrying values of net assets acquired over the consideration	(28,444)

The audited financial statements of Raise Beauty Group for the year ended 31 December 2008 show that the results of the Raise Beauty Group for the year then ended was amounted to HK$629,000 (the "Actual Profit"), which is less than the guarantee profit of RMB19,000,000 as described in the Circular (the "Guarantee Profit"). Accordingly, a compensation in amount of HK$20,925,000 which represented the shortfall between the Guarantee Profit of HK$21,554,000 (equivalent to RMB19,000,000) and the Actual Profit are to be repaid by the vendor. Consequently, the fair value of the purchase consideration is restated as HK$113,510,000 and the net assets acquired and negative goodwill were as follows:

	HK$'000
Purchase consideration settled by issuing of shares	134,435
Less: Compensation to be received from the vendor	(20,925)
Fair value of net assets acquired	(162,879)
Excess of the carrying values of net assets acquired over the consideration	(49,369)

	HK$'000
Excess of the carrying values of net assets acquired over the consideration recognised for the year ended	
– 2008	28,444
– 2009	20,925
	49,369

11. CAPITAL COMMITMENTS

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

	2009	2008
	HK$'000	*HK$'000*
Contracted but not provided for	**37,591**	–

DIVIDEND

The Board of Directors has resolved not to declare any final dividend for the year ended 31 March 2009 (2008: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

For the year ended 31 March 2009, the Group's overall turnover increased by approximately 4.28% to HK$46,811,000, of which approximately HK$34,983,000, HK$42,000, HK$6,455,000 and HK$5,331,000 (2008: HK$37,195,000, HK$52,000, HK$5,672,000 and HK$1,970,000) were attributable to our business of comics publication, Chinese information infrastructure, rental income from investment properties and crude oil exploration service respectively.

Although the Group's consolidated net loss attributable to the shareholders of the Company increased from HK$49,565,000 or HK8.90 cents per share (restated) in 2008 to approximately HK$92,889,000 or HK13.10 cents per share in 2009, the Group has successfully smoothened out all the rough edges and is moving on to a much healthier direction. This discrepancy in performance of the Group was caused by changes in fair value of financial assets at fair value through profit and loss which are on marked-to-market basis. However, if these investments were put aside, the Group's operating loss would only have been approximately HK$24,790,000 (2008: HK$45,546,000). Focusing on core operations, identifying promising growth opportunities, and many other business strategies that were undertaken have enabled the Group to progress 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 restructuring steps along the way have demonstrated that what is to come can only be better.

Also, as of 31 March 2009, the Group's net asset value was HK$626,429,000 and net asset value per weighted average number of 708,107,000 shares of the Company was approximately HK$0.88 (2008 (restated): HK$1.30).

Liquidity and Financial Resources

As at 31 March 2009, the Group had bank and deposits with financial institutions balances in aggregate of approximately HK$130,240,000 and financial assets at fair value through profit or loss of approximately HK$77,582,000. The Group has no significant exposure to foreign exchange rate fluctuation.

As of 31 March 2009, the Group had a net current asset of approximately HK$261,538,000 (31 March 2008: HK$372,125,000) and a current ratio of 8.90 (31 March 2008: 6.83). The Group's total liabilities as of 31 March 2009 amounted to approximately HK$94,023,000 (31 March 2008: HK$129,703,000) and represented approximately 15% (31 March 2008: 18%) 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. Any future net proceeds from exercise of warrants and share options would certainly strengthen the positive outlook of the Group and propel it to an even stronger financial position.

Share Consolidation

At the special general meeting of the Company held on 3 November 2008, the shareholders of the Company approved the share consolidation of every ten shares of HK$0.10 each into one consolidated share of HK$1.00 each. The share consolidation became effective on 4 November 2008. Upon the share consolidation, the authorized and issued share capital of the Company were HK$1,000,000,000 divided into 1,000,000,000 shares of HK$1.00 each and HK$709,525,964 divided into 709,525,964 consolidated shares of HK$1.00 each respectively.

Repurchase of Shares

The Company repurchased totaling 20,270,000 shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") during February and March 2009 at a total consideration (before expenses) of HK$15,080,100. 20,070,000 shares were cancelled accordingly. The remaining 200,000 shares were cancelled on 7 April 2009. Following the repurchase of shares, the total issued share capital of the Company changed from 709,525,964 shares to 689,455,964 shares as at the balance sheet date.

Warrants

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

Acquisition

On 9 December 2008, the Group entered into a conditional sale and purchase agreement with an independent third party in relation to the acquisition for 53% equity interest of a PRC travel business with total consideration of RMB7,000,000 and completed in April 2009.

Employment and Remuneration Policies

As of 31 March 2009, the Group had a total of 96 employees of which 39 are based in Hong Kong, 31 in Macau and 26 in the PRC. Total staff costs incurred during the period amounted to approximately HK$17,478,000 (2008: HK$30,423,000). 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 global economic turmoil has taken toll on many operations and its impact has far-reaching implications on future businesses. This slowdown of the global economy will continue to create difficulties to those in the coming years that do not operate on the most efficient and effective enterprise. Acting with prudence, our Group implemented guidelines to regularly revalue its position in the marketplace and consequently shed operational units that were unprofitable and refocused on our core competence of licensing, while continued to branch out into businesses with immediate return. Although the benefit of the restructuring has taken effect, its overall impact was masked by fair value changes in financial assets at fair value through profit or loss, resulting in an overall bottom line that was less than ideal. Nevertheless, it is evident that in the past year, the Group has treaded many steps closer toward our ultimate goals. The management of the Group anticipates that as the global economic instabilities begin to subside, our investments will regain their intrinsic values, and therefore Culturecom's position among its competitors will be strengthened.

With respect to the technology-business, our Group has finished unloading its non-core businesses and actively seeks for suitable cooperative partners to enhance and commercialize its technologies. In the comic business, our Group has fortified its licensing business with additional resources, actively pursuing opportunities in animation and movie production, while continuing to extend its reach into other media forms. One of the significant ideals of Culturecom has always been about bringing Chinese culture into the mainstream; and in light of this, our Group is developing an Asian-flavor animation/comic creation interface using our very own Generating Engine technology. Our huge animation/comic image database along with this Generating Engine will allow general masses to participate in the production process; lowering cost on one hand, while creating appeal to a new generation of artists as well.

Aside from technology and comics, the Group's venture in the petroleum extraction business has begun to take shape, but as the global oil prices declined, drilling and exploration activities slowed, resulting in less-than-expected operating earnings. Consequently, the guaranteed profit component of the Sales and Purchase agreement was not met and the Vendor was left with paying for the difference between the audited net profit and the profit guarantee on a dollar to dollar basis. In spite of this, our Group is satisfied with this investment so far, with an acquisition gain of approximately HK$49.37 million (HK$28.44 million from negative goodwill and HK$20.93 million from profit guarantee) and is confident that the oil extraction venture in Shengli Oilfield and Chaoshui Basin has the potential to yield promising operational results as soon as the commodity market stabilizes and prices go back to their fundamental values.

Prospects

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

CLOSURE OF REGISTERS OF MEMBERS WARRANT HOLDER

The principal Register of Members and the branch Registers of Members and Warrantholders will be closed from 28 August 2009 to 3 September 2009 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for attending the 2009 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 4:00 p.m., 27 August 2009.

REPURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Set out below are particulars of repurchases by the Company of its own ordinary shares made on the Stock Exchange during the year:

Month of repurchase	Total number of shares repurchased	Price per share Highest	Price per share Lowest	Total consideration (before expenses)
		HK$	*HK$*	*HK$*
February 2009	7,250,000	0.78	0.70	HK$5,429,100
March 2009	13,020,000	0.76	0.70	HK$9,651,000

All shares repurchased were cancelled and destroyed and accordingly, the Company's issued share capital was reduced by the nominal value of those shares.

The above repurchases were made for the purpose of achieving an increase in the consolidated net asset value and/or earnings per share of the Company.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the year.

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. Wang Tiao Chun has retired by rotation at the annual general meeting of the Company held on 9 September 2008 and did not offer himself for re-election as an independent non-executive Director of the Company. Following the retirement of Mr. Wang, 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. Lai Qiang was appointed as independent non-executive Director of the Company on 8 December 2008. Following the appointment of Mr. Lai, 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. Wang Tiao Chun'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 9 September 2008 to 7 December 2008, the audit committee of the Company comprises two members, namely Mr. Lai Man To and Mr. Joseph Lee Chennault. The total number of members falls below the minimum number required under Rule 3.21 of the Listing Rules.

Mr. Lai Qiang was appointed as a member of audit committee of the Company on 8 December 2008. Following the appointment of Mr. Lai, 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. Lai Man To, 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 2009.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the Code as set out in Appendix 14 to the Listing Rules throughout the year ended 31 March 2009 except for the following deviations:

Code Provision A.4.1

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

Code Provision E.1.2

Under the code provision E.1.2 the chairman of the board should attend the annual general meeting. The Chairman of the Board, Mr. Cheung Wai Tung was unable to attend the annual general meeting of the Company held on 9 September 2008 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 2009.

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, 20 July 2009

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. Tai Cheong Sao, Mr. Chung Billy, Mr. Tang U Fai and Mr. Tang Kwing Chuen, Kenneth (all being executive Directors); and Mr. Lai Man To, Mr. Joseph Lee Chennault and Mr. Lai Qiang (all being independent non-executive Directors).

* *For identification purpose only*