

Interim Report
2011|2012



CULTURECOM



CULTURECOM HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code : 00343)

CORPORATE INFORMATION

NON-EXECUTIVE DIRECTOR

Mr. Chu Bong Foo (*Chairman*)

EXECUTIVE DIRECTORS

Mr. Kwan Kin Chung (*Managing Director*)

Ms. Chow Lai Wah Livia

Mr. Chung Billy

Mr. Wan Xiaolin

Mr. Tang U Fai

Mr. Tang Kwing Chuen Kenneth

Mr. Chen Man Lung

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tsang Wai Wa

Mr. Joseph Lee Chennault

Mr. Lai Qiang

COMPANY SECRETARY

Mr. Tong Wai Sum

AUDIT COMMITTEE

Mr. Tsang Wai Wa

Mr. Joseph Lee Chennault

Mr. Lai Qiang

REMUNERATION COMMITTEE

Mr. Tsang Wai Wa

Mr. Wan Xiaolin

Mr. Lai Qiang

CORPORATE GOVERNANCE COMMITTEE

Mr. Chen Yen Lung

Ms. Chow Lai Wah Livia

Mr. Tang Kwing Chuen Kenneth

Ms. Mak Wing Shuen Jennie

PRINCIPAL BANKER

The Hongkong and Shanghai Banking Corporation Limited

SOLICITORS

Michael Li & Co.

Appleby

AUDITORS

BDO Limited

PUBLIC RELATION

PR Concepts Asia Limited

REGISTERED OFFICE

Canon's Court

22 Victoria Street

Hamilton HM 12

Bermuda

PRINCIPAL OFFICE

6th Floor, Culturecom Centre

47 Hung To Road

Kwun Tong, Kowloon

Hong Kong

PRINCIPAL REGISTRAR

Butterfield Fund Services (Bermuda) Limited

Rosebank Centre

11 Bermudiana Road

Pembroke

Bermuda

BRANCH REGISTRAR

Computershare Hong Kong Investor Services Limited

Shops 1712-1716

17th Floor, Hopewell Centre

183 Queen's Road East

Wan Chai

Hong Kong

COMPANY WEBSITE

www.culturecom.com.hk

STOCK CODE

343

WARRANT CODE

824

CHAIRMAN'S STATEMENT

Business Review

The global economic turmoil has affected many businesses, and our Group is of no exception. Although we have implemented guidelines consistently to revalue its position in the marketplace, and have branched out actively to exciting businesses with enormous growth potential, by no means have our undertakings come in an easy breeze for many of our operating units over the past six months. It is unfortunate that our overall performance for the period has therefore been negatively affected by such an economic climate, despite the gains that were reported from the disposal of our head office. Nevertheless, we are eager to inform you that many of the early seeds that were being planted by us, such as digging deeper into our core business of animation and comics market in Asia, have finally become full blooms. All in all, this is a particularly exciting time for our Group, as the layers of dust in the past have now been blown off, and a solid path of success is certainly on its way to come.

A number of our achievements in the past six months deserve some attention. In our technology-business, our Group actively seeks for suitable cooperative partners to enhance and further commercialise 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. Besides comics, our Group, working against the backdrop of credit tightening and economic uncertainties in China, has devoted much of its effort on fine-tuning oil exploration in the first half, while leaving much of the extraction work in the second half of the year. As a consequence, the operation's impact to the overall financial results was less desirable when compared to the earlier periods; however, from the positive geology information gathered so far, our Group is confident that the oil extraction venture in Shengli Oilfield and Chaoshui Basin has the potential to yield promising results in the very near future.

Prospects

Looking ahead, our Group is excited about its upcoming projects, and is optimistic of its future. We will continue to foster our relationships with the existing cooperative partners and business associates. Online social networking is an effective communication tool between people, and its popularity has increased rapidly over the past few years globally, as evident by the societal impact that Facebook, Twitter and Youtube have had. Our Group strongly believes in the enormous potential of online social networking for the Chinese-speaking population all over the world. Leveraging on the Group's enormous IP database, animation generating engine and celebrity endorsement, our Group no doubt has the resources necessary to effectively develop an interactive social network, providing an one-of-a-kind new media and game social networking for the global Asian communities. In addition to an online presence, 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 in China. We are immensely grateful for our shareholders' support over the years, and promise that we will continue to strive for the best investment strategies that would be beneficial to them in the long run.

Appreciation

I would like to express my sincere gratitude to the Board of Directors, our management and to all our staff for their dedicated efforts during this period; as well as to our customers, suppliers, business partners and shareholders for their continued enthusiastic support of our Group.

INTERIM RESULTS

The board of directors (the "Board") of Culturecom Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 September 2011 together with the comparative figures for the corresponding period of 2010 are as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011

	Notes	Six months ended 30 September	
		2011 HK\$'000 (unaudited)	2010 HK\$'000 (restated)
Continuing operations:			
Revenue	3	22,802	19,187
Cost of sales		(15,733)	(12,488)
Gross profit		7,069	6,699
Other income	4	1,561	15,644
Administrative expenses		(32,652)	(29,675)
Decrease in fair value of financial assets at fair value through profit or loss		(36,865)	(13,968)
Share of losses of associates		(1,087)	(499)
Finance costs	6	(4)	(74)
Loss before income tax	7	(61,978)	(21,873)
Income tax credit	8	740	1,571
Loss after income tax from continuing operations		(61,238)	(20,302)
Discontinued operations:			
Profit for the period	9	54,780	572
Loss for the period		(6,458)	(19,730)
Other comprehensive income			
Exchange gain on translation of financial statements of foreign operations		9,023	5,303
Other comprehensive income for the period		9,023	5,303
Total comprehensive income for the period		2,565	(14,427)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011

	Notes	Six months ended 30 September	
		2011 HK\$'000 (unaudited)	2010 HK\$'000 (restated)
Loss for the period attributable to:			
Owners of the Company		(5,635)	(19,245)
Non-controlling interests		(823)	(485)
		<u>(6,458)</u>	<u>(19,730)</u>
Total comprehensive income attributable to:			
Owners of the Company		3,388	(13,942)
Non-controlling interests		(823)	(485)
		<u>2,565</u>	<u>(14,427)</u>
Loss per share attributable to the owners of the Company during the period From continuing and discontinued operations			
Basic (2010: restated)	10	<u>HK0.5cents</u>	<u>HK2.5cents</u>
Diluted		<u>N/A</u>	<u>N/A</u>
From continuing operations			
Basic (2010: restated)		<u>HK5.8cents</u>	<u>HK2.5cents</u>
Diluted		<u>N/A</u>	<u>N/A</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2011

	Notes	30 September 2011 HK\$'000 (unaudited)	31 March 2011 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	11	70,856	73,324
Long-term deposits		2,441	2,375
Interests in associates		21,136	22,222
Intangible assets	12	136,129	138,385
Available-for-sale financial assets		20,000	20,000
		250,562	256,306
Current assets			
Inventories		24,864	2,852
Trade receivables	13	20,633	21,020
Other receivables, deposits and prepayments	14	23,275	20,431
Amounts due from associates		58	52
Tax recoverables		53	53
Financial assets at fair value through profit or loss		49,066	62,071
Bank balances and deposits with financial institutions		503,663	258,176
		621,612	364,655
Assets classified as held for sale		-	226,549
		621,612	591,204
Current liabilities			
Trade payables	15	7,666	6,737
Other payables and accrued charges		24,752	26,593
Amounts due to fellow subsidiaries of an associate		675	675
Amounts due to associates		-	1,144
Obligations under finance leases			
- due within one year	16	43	43
Tax payables		713	733
		33,849	35,925
Liabilities associated with assets classified as held for sale		-	970
		33,849	36,895
Net current assets		587,763	554,309
Total assets less current liabilities		838,325	810,615

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

AS AT 30 SEPTEMBER 2011

	Notes	30 September 2011 HK\$'000 (unaudited)	31 March 2011 HK\$'000 (audited)
EQUITY			
Equity attributable to owners of the Company			
Share capital	17	10,361	10,339
Reserves		796,368	767,988
		806,729	778,327
Non-controlling interests		-	823
Total equity		806,729	779,150
Non-current liabilities			
Obligations under finance leases			
- due after one year	16	28	50
Deferred tax liabilities		31,568	31,415
		31,596	31,465
		838,325	810,615

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011

	Attributable to owners of the Company									Non-controlling interests HK\$'000	Total equity HK\$'000	
	Share capital HK\$'000	Share premium HK\$'000	Contribution surplus HK\$'000	Other reserve HK\$'000	Capital redemption reserve HK\$'000	Translation reserve HK\$'000	Share option reserve HK\$'000	Investment property revaluation reserve HK\$'000	Accumulated losses HK\$'000			Total HK\$'000
At 1 April 2010 (audited)	689,256	931,511	171,671	128	446	12,949	63,619	2,149	(1,229,328)	642,401	3,499	645,900
Loss for the period	-	-	-	-	-	-	-	-	(19,245)	(19,245)	(485)	(19,730)
Other comprehensive income												
Exchange gain on translation of financial statements of foreign operations	-	-	-	-	-	5,303	-	-	-	5,303	-	5,303
Total comprehensive income for the period	-	-	-	-	-	5,303	-	-	(19,245)	(13,942)	(485)	(14,427)
At 30 September 2010 (unaudited)	<u>689,256</u>	<u>931,511</u>	<u>171,671</u>	<u>128</u>	<u>446</u>	<u>18,252</u>	<u>63,619</u>	<u>2,149</u>	<u>(1,248,573)</u>	<u>628,459</u>	<u>3,014</u>	<u>631,473</u>
At 1 April 2011 (audited)	10,339	1,728,358	171,671	128	446	21,939	63,619	2,149	(1,220,322)	778,327	823	779,150
Issue of warrants	-	-	-	27,570	-	-	-	-	-	27,570	-	27,570
Exercise of warrants	22	610	-	-	-	-	-	-	-	632	-	632
Expenses incurred on warrants issue	-	-	-	(1,018)	-	-	-	-	-	(1,018)	-	(1,018)
Expenses incurred on rights issue	-	(21)	-	-	-	-	-	-	-	(21)	-	(21)
Transfer from other reserve to share premium due to exercise of warrants	-	435	-	(435)	-	-	-	-	-	-	-	-
Transfer to gain on disposal of property	-	-	-	-	-	-	-	(2,149)	-	(2,149)	-	(2,149)
Transactions with owners	22	1,024	-	26,117	-	-	-	(2,149)	-	25,014	-	25,014
Loss for the period	-	-	-	-	-	-	-	-	(5,635)	(5,635)	(823)	(6,458)
Other comprehensive income												
Exchange gain on translation of financial statements of foreign operations	-	-	-	-	-	9,023	-	-	-	9,023	-	9,023
Total comprehensive income for the period	-	-	-	-	-	9,023	-	-	(5,635)	3,388	(823)	2,565
At 30 September 2011 (unaudited)	<u>10,361</u>	<u>1,729,382</u>	<u>171,671</u>	<u>26,245</u>	<u>446</u>	<u>30,962</u>	<u>63,619</u>	<u>-</u>	<u>(1,225,957)</u>	<u>806,729</u>	<u>-</u>	<u>806,729</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011

	Six months ended 30 September	
	2011 HK\$'000 (unaudited)	2010 HK\$'000 (unaudited)
Net cash used in operations	(64,655)	(26,677)
Net cash generated from/(used in) investing activities	278,668	(11,606)
Net cash generated from/(used in) financing activities	27,137	(97)
Net increase/(decrease) in cash and cash equivalents	241,150	(38,380)
Cash and cash equivalents at 1 April	258,176	160,514
Effect of foreign exchange rate changes	4,337	882
Cash and cash equivalents at 30 September	<u>503,663</u>	<u>123,016</u>
Analysis of the balances of cash and cash equivalents		
Bank balances and deposits with financial institutions	<u>503,663</u>	<u>123,016</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements of the Group have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the "Listing Rules"), Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" and other relevant HKASs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The unaudited condensed interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2011.

2. PRINCIPAL ACCOUNTING POLICIES

The accounting policies and basis of preparation adopted in the preparation of these unaudited condensed consolidated interim financial statements are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 March 2011 and in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, HKASs, and Interpretations) issued by the HKICPA, except that the Group has in the current period applied, for the first time, the following new and revised HKFRSs:

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010
HKAS 24 (Revised 2009)	Related Party disclosures

The adoption of these new and revised HKFRSs has had no significant financial effect on these unaudited condensed consolidated interim financial statements and there have been no significant changes to the accounting policies applied in these unaudited condensed consolidated interim financial statements.

The adoption of the other HKFRSs has had no effect on the Group's unaudited condensed consolidated interim financial statements.

The Group has not early adopted any other new and revised HKFRSs that was issued but is not yet effective.

HKFRS 10	Consolidated Financial Statements ¹
HKFRS 11	Joint Arrangements ¹
HKFRS 12	Disclosures of Interest in Other Entities ¹
HKFRS 13	Fair Value Measurement ¹
HKAS 1 (Amendments)	Presentation of Items of other Comprehensive Income ²
HKAS 19 (2011)	Employee Benefits ¹
HKAS 27 (2011)	Separation Financial Statements ¹
HKAS 28 (2011)	Investments in Associates and Joint Ventures ¹

¹ Effective for annual periods beginning on or after 1 January 2013

² Effective for annual periods beginning on or after 1 July 2012

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and Separate Financial Statements" that deal with consolidated financial statements. Under HKFRS 10, there is only one basis for consolidation, that is control. In addition, HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee; (b) exposure, or rights, to variable returns from its involvement with the investee; and (c) ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios. Overall, the application of HKFRS 10 requires a lot of judgement.

The directors of the Company are in the process of ascertaining the financial impact on application of HKFRS 10.

The directors of the Company anticipate that the application of other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

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, exploration and production services income and is analysed as follows:

	Six months end 30 September	
	2011	2010
	HK\$'000	HK\$'000
	(unaudited)	(restated)
Revenue on continuing operations		
Sales of goods	19,213	15,481
Exploration and production services income	3,589	3,706
	22,802	19,187

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

4. OTHER INCOME

	Six months end 30 September	
	2011 HK\$'000 (unaudited)	2010 HK\$'000 (restated)
Gain on disposals of financial assets at fair value through profit or loss	33	14,748
Interest income on bank deposits	788	376
Management fee income	-	13
Sundry income	740	505
Dividend received from listed equity securities	-	2
	1,561	15,644

5. SEGMENT INFORMATION

The executive directors have identified the Group's product and service lines as operating segments. These operating segments are monitored and strategic decisions are made based on segment's performance.

The Group has identified the following reportable segments:

- Publishing: Publication of comic books and royalty income from licensing comic books
- Crude oil exploration services: Crude oil exploration services in the PRC
- Chinese information infrastructure: Provision of server management, data warehousing services and the development of interactive social network website
- 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
- Property Investments (which were discontinued during the period)

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

5. SEGMENT INFORMATION (Continued)

The Group entered into a provisional agreement for the sale and purchase (the "Provisional Agreement") to dispose of the whole block of Culturecom Centre, located at 47 Hung To Road, Kwun Tong, Kowloon, Hong Kong (the "Disposal Property") for a consideration of HK\$286,000,000. Save for 26% of the floor areas of the Disposal Property which are used as the Group's office premises, the remaining 74% of the floor areas of the Disposal Property are leased out to tenants. In accordance with HKFRS 5, the Group's business of property investment is referred to as the Discontinued Operations for the period ended 30 September 2011 and 2010 in the Group's unaudited condensed interim financial statements. Further details regarding the results of the Discontinued Operations are set out in note 9 to the unaudited condensed interim financial statements.

The Group's continuing operations are currently organised into five main business segments:

For the six months ended 30 September 2011

	Continuing operations						Total HK\$'000 (unaudited)
	Publishing HK\$'000 (unaudited)	Crude oil exploration services HK\$'000 (unaudited)	Chinese information infrastructure HK\$'000 (unaudited)	Electronic Card service HK\$'000 (unaudited)	Retailing and wholesales HK\$'000 (unaudited)	Others HK\$'000 (unaudited)	
Revenue							
From external customers	11,946	3,589	-	23	5,213	2,031	22,802
From other segments	-	-	-	-	-	17	17
Reportable segment revenue	11,946	3,589	-	23	5,213	2,048	22,819
Reportable segment loss	(2,060)	(9,189)	(5,603)	(904)	(1,394)	(100)	(19,250)
Other information							
Amortisation of intangible assets	-	5,757	-	-	-	-	5,757
Bank interest income	-	(192)	(525)	-	-	(71)	(788)
Depreciation of property, plant and equipment	83	3,946	-	50	40	215	4,334

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

5. SEGMENT INFORMATION (Continued)

For the six months ended 30 September 2010

	Continuing operations						Total HK\$'000 (Restated)
	Publishing HK\$'000 (Restated)	Crude oil exploration services HK\$'000 (Restated)	Chinese information infrastructure HK\$'000 (Restated)	Electronic Card service HK\$'000 (Restated)	Retailing and wholesales HK\$'000 (Restated)	Others HK\$'000 (Restated)	
Revenue							
From external customers	13,359	3,706	-	74	1,417	631	19,187
From other segments	6	-	-	-	323	-	329
Reportable segment revenue	<u>13,365</u>	<u>3,706</u>	<u>-</u>	<u>74</u>	<u>1,740</u>	<u>631</u>	<u>19,516</u>
Reportable segment profit/(loss)	<u>4,072</u>	<u>(7,662)</u>	<u>(2,440)</u>	<u>(1,441)</u>	<u>(3,506)</u>	<u>(919)</u>	<u>(11,896)</u>
Other information							
Amortisation of intangible assets	-	5,905	-	409	-	-	6,314
Bank interest income	-	(368)	-	(5)	-	(3)	(376)
Depreciation of property, plant and equipment	75	2,018	-	52	39	-	2,184

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

5. SEGMENT INFORMATION (Continued)

At 30 September 2011

	Continuing operations						Total HK\$'000 (unaudited)
	Publishing HK\$'000 (unaudited)	Crude oil exploration services HK\$'000 (unaudited)	Chinese information infrastructure HK\$'000 (unaudited)	Electronic Card service HK\$'000 (unaudited)	Retailing and wholesales HK\$'000 (unaudited)	Others HK\$'000 (unaudited)	
Reportable segment assets	21,384	229,659	74,727	5,638	35,822	6,694	373,924
Additions to non-current assets	714	134	84	-	209	114	1,255
Reportable segment liabilities	(9,437)	(6,458)	(405)	(4,741)	(3,973)	(62)	(25,076)

At 31 March 2011

	Continuing operations						Total HK\$'000 (audited)
	Publishing HK\$'000 (audited)	Crude oil exploration services HK\$'000 (audited)	Chinese information infrastructure HK\$'000 (audited)	Electronic Card service HK\$'000 (audited)	Retailing and wholesales HK\$'000 (audited)	Others HK\$'000 (audited)	
Reportable segment assets	14,239	246,588	72,933	7,065	17,611	6,252	364,688
Additions to non-current assets	230	2,425	77	10	-	1,095	3,837
Reportable segment liabilities	(8,665)	(9,226)	(414)	(5,313)	(563)	(49)	(24,230)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

5. SEGMENT INFORMATION (Continued)

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

	Six months ended 30 September	
	2011 HK\$'000 (unaudited)	2010 HK\$'000 (restated)
Reportable segment revenue	22,819	19,516
Elimination of inter segment revenue	(17)	(329)
Revenue from continuing operations	<u>22,802</u>	<u>19,187</u>
Loss before income tax expenses and discontinued operations		
Reportable segment loss	(19,250)	(11,896)
Decrease in fair value of financial assets at fair value through profit or loss	(36,865)	(13,968)
Share of losses of associates	(1,087)	(499)
Unallocated corporate (expenses)/income	(4,772)	4,564
Finance costs	(4)	(74)
Loss before income tax credit from continuing operations	<u>(61,978)</u>	<u>(21,873)</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

5. SEGMENT INFORMATION (Continued)

	30 September 2011 HK\$'000 (unaudited)	31 March 2011 HK\$'000 (audited)
Reportable segment assets	373,924	364,688
Interests in associates	21,136	22,222
Available-for-sale financial assets	20,000	20,000
Amounts due from associates	58	52
Financial assets at fair value through profit or loss	49,066	62,071
Assets of discontinued operations	-	226,549
Other corporate assets	407,990	151,928
	<u>872,174</u>	<u>847,510</u>
Group assets		
Reportable segment liabilities	25,076	24,230
Amounts due to fellow subsidiaries of an associate	675	675
Amounts due to associates	-	1,144
Liabilities of discontinued operations	-	970
Other corporate liabilities	39,694	41,341
	<u>65,445</u>	<u>68,360</u>
Group liabilities		

The Group's revenue from external customers are divided into the following geographical areas:

	Revenue from customers Six months ended 30 September	
	2011 HK\$'000 (unaudited)	2010 HK\$'000 (restated)
Hong Kong (place of domicile)	13,200	13,563
The PRC	3,949	3,780
Macau	2,251	641
Japan	3,402	1,203
	<u>22,802</u>	<u>19,187</u>

The geographical location of customers is based on the location at which the services were provided or the goods were delivered.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

6. FINANCE COSTS

	Six months ended 30 September	
	2011 HK\$'000 (unaudited)	2010 HK\$'000 (restated)
Continuing operations		
Interest charges on:		
Finance leases	4	4
Other borrowings wholly repayable within five years	-	70
	<u>4</u>	<u>74</u>

7. LOSS BEFORE INCOME TAX

	Six months ended 30 September	
	2011 HK\$'000 (unaudited)	2010 HK\$'000 (restated)
Continuing operations		
Loss before income tax has been arrived at after charging/(crediting):		
Staff costs, including directors emoluments	9,257	9,826
Amortisation of intangible assets	5,757	6,314
Depreciation of property, plant and equipment		
- Owned assets	4,318	2,395
- Assets held under finance leases	16	16
Dividend income	-	(2)
	<u>-</u>	<u>(2)</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

8. INCOME TAX CREDIT

No provision for Hong Kong profits tax has been provided in the financial statements as the Group had no estimated assessable profits for the period (2010: nil). The Group also had no assessable profits in other jurisdiction in both periods.

	Six months ended 30 September	
	2011 HK\$'000 (unaudited)	2010 HK\$'000 (restated)
The tax credit comprises:		
Current tax	-	-
Deferred tax		
Tax effect on temporary difference not recognised assets	740	1,571
	740	1,571

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

9. DISCONTINUED OPERATIONS

The Group entered into the Provisional Agreement with an independent third party in relation to the Disposal of the Disposal Property for a consideration of HK\$286,000,000 and completed on 23 September 2011. In accordance with HKFRS 5, the Group's business of property investment is classified as the Discontinued Operations, the analysis of the results of which for the period ended 30 September 2011 and 2010 is as follows:

	Note	Six months ended 30 September	
		2011 HK\$'000 (unaudited)	2010 HK\$'000 (restated)
Revenue		2,365	3,277
Cost of sales		(413)	(392)
Gross profit		1,952	2,885
Administrative expenses		(2,649)	(2,313)
Gain on disposal of properties	(a)	55,477	-
Profit before income tax		54,780	572
Income tax credit/(expense)		-	-
Profit for the period		54,780	572

Depreciation expense of the Discontinued Operations for the period amounted to HK\$93,000 (2010: HK\$626,000) has been included in administrative expenses.

Note:

- (a) The Group recorded a gain on disposal of properties approximately HK\$55,477,000. Such gain was based on the consideration from of HK\$286,000,000, less assets classified as held for sale approximately \$226,549,000 as at 31 March 2011 and other related costs including real estate agent commission, legal cost, printer fees and all relevant expenses.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

10. LOSS PER SHARE

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

Earnings/(Loss)	Six months ended 30 September	
	2011 HK\$'000 (unaudited)	2010 HK\$'000 (restated)
Loss attributable to the owners of the Company for the purpose of basic loss per share:		
Continuing operations	(60,415)	(19,817)
Discontinued operations	54,780	572
Total loss from continuing and discontinued operations	<u>(5,635)</u>	<u>(19,245)</u>

Number of shares	Six months ended 30 September	
	2011 Number of shares '000 (unaudited)	2010 Number of shares '000 (restated)
Weighted average number of shares for the purpose of basic loss per share	<u>1,034,902</u>	<u>780,789</u>

Basic loss per share for the period ended 30 September 2010 had been re-calculated to reflect the share issuance occurred during the period.

No diluted loss per share has been presented for both period because the exercise prices of the Company's share options were higher than the average market price of the Company's shares during the periods.

11. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired equipment amounting to HK\$1,285,000 (2010: HK\$1,607,000).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

12. INTANGIBLE ASSETS

	Exploration and production services right HK\$'000	Club memberships HK\$'000	Total HK\$'000
Carrying amount at 1 April 2011 (audited)	137,000	1,385	138,385
Amortisation	(5,757)	-	(5,757)
Exchange realignment	3,501	-	3,501
Carrying amount at 30 September 2011 (unaudited)	134,744	1,385	136,129

13. TRADE RECEIVABLES

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

	30 September 2011 HK\$'000 (unaudited)	31 March 2011 HK\$'000 (audited)
0 - 60 days	4,383	7,112
61 - 90 days	3,765	9,795
91 - 180 days	2,521	228
Over 180 days	9,964	3,885
	20,633	21,020

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30 September 2011 HK\$'000 (unaudited)	31 March 2011 HK\$'000 (audited)
Other receivables	13,736	13,415
Deposits and prepayments	9,539	7,016
	23,275	20,431

Included in other receivables of the Group is the balance arising from the gain on acquisition of the Raise Beauty Investments Limited and its subsidiaries (the "Raise Beauty Group") of HK\$2,655,000 (31 March 2011: HK\$2,655,000) as a consequence of the failure in meeting the profit guarantee. The directors are of the opinion that the remaining balance of HK\$2,655,000 can be fully recovered.

Save as disclosed above, other receivables, deposits and prepayments are interest-free and unsecured. The directors consider that the carrying amounts of other receivables approximate to their fair values.

15. TRADE PAYABLES

Ageing analysis of trade payables at the reporting dates, based on the invoice dates, is as follows:

	30 September 2011 HK\$'000 (unaudited)	31 March 2011 HK\$'000 (audited)
0 - 60 days	6,064	2,681
61- 90 days	1,231	610
Over 90 days	371	3,446
	7,666	6,737

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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

16. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease Payments		Present value of minimum lease payments	
	30 September 2011 HK\$'000 (unaudited)	31 March 2011 HK\$'000 (audited)	30 September 2011 HK\$'000 (unaudited)	31 March 2011 HK\$'000 (audited)
Amounts payable under finance leases:				
Within one year	51	54	43	43
In the second to fifth years inclusive	35	59	28	50
	<u>86</u>	<u>113</u>	<u>71</u>	<u>93</u>
Less: Future finance charges	(15)	(20)	-	-
Present value of lease obligations	<u>71</u>	<u>93</u>	<u>71</u>	<u>93</u>
Less: Amounts due within one year			(43)	(43)
Amounts due after one year			<u>28</u>	<u>50</u>

The balances are secured by the lessor's charge over the leased assets. The lease terms in respect of assets held under finance leases are 5 years. During the period, average effective borrowing rate was 9% (31 March 2011: 9%). Interest rate is fixed at the contract date.

All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

17. SHARE CAPITAL

All shares are equally eligible to receive dividends and the repayment of capital.

	Note	Number of share '000	Share capital HK\$'000
Ordinary shares of HK\$0.01 each			
Authorised:			
At 31 March and 30 September 2011		200,000,000	2,000,000
Issued and fully paid:			
At 1 April 2011		1,033,884	10,339
Issue of new shares on exercise of warrants	(a)	2,260	22
At 30 September 2011		1,036,144	10,361

Note:

- (a) On 7 March 2011, the Company entered into a placing agreement with an independent placing agent in connection with the placing of up to 137,850,000 warrants (the "2013 Warrants") conferring rights to subscribe for up to HK\$38,598,000 in aggregate in cash for shares of HK\$0.01 each in share capital of the Company at an initial subscription price of HK\$0.28 per shares during the period from 3 May 2011 to 2 May 2013, both day inclusive. The Placing of the 2013 Warrants was completed on 29 April 2011.

The net proceeds of the placing of approximately HK\$26,552,000 were used for general working capital of the Group.

During the period, registered holders of 2,260,000 units of 2013 Warrants exercised their rights to subscribe for 2,260,000 shares in the Company at consideration of HK\$632,800 of which HK\$22,600 was credited to share capital and the balance HK\$610,200 was credited to the share premium account. In addition, an amount of HK\$435,000 attributable to the 2013 Warrants has been transferred from the warrant reserve to the share premium account.

On 30 September 2011, the Company had 135,590,000 units of outstanding 2013 Warrants conferring rights to subscribe up to approximately HK\$37,965,200 in cash for shares of HK\$0.01 each in the Company. Exercise in full of those outstanding warrants would, under the present share capital structure of the Company as of 30 September 2011, result in the issue of 135,590,000 additional shares of HK\$0.01 each in the Company.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

18. RELATED PARTY TRANSACTIONS

During the period, the Group entered into the following transactions with certain related parties:

	Royalty Income received from related companies		Rental income received from related companies		Other income received from related companies		Other expenses paid to related companies		Amounts due from related companies	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Associates	-	-	230	440	24	5	-	115	58	48
Mutual Work Media Investment Fund Limited (Note)	-	100	-	-	-	-	-	-	-	-

Note: The related party is a company wholly owned by Mr. Chen Man Lung, the executive Director of the Company. The Directors are of the opinion that these transactions were conducted in the normal course of business at prices and terms no less than those charged to or contracted with other third parties.

19. CAPITAL COMMITMENTS

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

	30 September 2011 HK\$'000 (unaudited)	31 March 2011 HK\$'000 (audited)
Contracted but not provided for	7,128	6,575

20. INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend in respect of the six months ended 30 September 2011 (30 September 2010: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

For the period ended 30 September 2011, the Group's overall revenue from external customers increased by 18.84% to HK\$22,802,000 of which approximately HK\$11,946,000, HK\$3,589,000, nil, HK\$23,000, HK\$5,213,000 and HK\$2,031,000 (30 September 2010: HK\$13,359,000, HK\$3,706,000, nil, HK\$74,000, HK\$1,417,000 and HK\$631,000) were attributable to our continuing business of publishing, crude oil exploration services, Chinese information infrastructure, electronic card service, retailing and wholesales and others respectively.

The revenue from discontinued operations of investment properties decreased by 27.83% to HK\$2,365,000 and the disposal of the whole block of Culturecom Centre was completed on 23 September 2011, resulting in a total net gain of approximately HK\$54,780,000.

The Group's consolidated net loss attributable to the owners of the Company decreased from HK\$19,245,000 or HK2.5 cents loss per share (as restated) to HK\$5,635,000 or HK0.5 cents loss per share. This was mainly due to the total net gain from the disposal of the discontinued operations, offset by a decrease in fair value of financial assets at fair value through profit or loss of approximately HK\$36,865,000. Going forward, we are very excited about our future. In months to come, we will be launching an interactive social network website, with Mr. Jay Chou as our Chinese culture ambassador. Overall, by focusing on core operations and capturing new opportunities in social networking, our Group is optimistic of its future.

Also, as of 30 September 2011, the Group's net asset value was HK\$806,729,000 and net asset value per weighted average number of 1,034,902,416 shares of the Company was approximately HK\$0.78 (31 March 2011: HK\$0.96).

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") conferring rights to subscribe up to HK\$38,598,000 in aggregate for shares of the Company at an initial subscription price of HK\$0.28 per share, to not less than 300 placees who are independent third parties, during the two years period from 3 May 2011 to 2 May 2013, both days inclusive. The Placing of the 2013 Warrants was completed on 29 April 2011.

The net proceeds of the placing of approximately HK\$26,552,000 were used as general working capital of the Company.

During the period, registered holders of 2,260,000 units of the 2013 Warrants exercised their rights to subscribe for 2,260,000 shares in the Company at HK\$0.28 per share.

Substantial Disposal

On 27 January 2011, the Group entered a provisional agreement for sale and purchase with an independent third party in relation to the disposal of the whole block of property located at 47 Hung To Road, Kwun Tong, Hong Kong (the "Disposal") at a consideration of HK\$286,000,000 (the "Consideration"). The Disposal was completed on 23 September 2011 and the Consideration was fully received by the Group. After the completion of the Disposal, the Group record a gain of approximately HK\$55,477,000 and the sale proceed will used for future investments which may be in the principle line of business of the Group.

Liquidity and Financial Resources

As at 30 September 2011, the Group had bank and deposits with financial institutions balance in aggregate of approximately HK\$503,663,000 and financial assets at fair value through profit or loss of HK\$49,066,000. The Group has no significant exposure to foreign exchanges rate fluctuation.

As of 30 September 2011, the Group had a net current asset of approximately HK\$587,763,000 (31 March 2011: HK\$554,309,000) and a current ratio of 18.36 (31 March 2011: 16.02). The Group's total liabilities as of 30 September 2011 amounted to approximately HK\$65,445,000 (31 March 2011: HK\$68,360,000) and represented approximately 8.1% (31 March 2011: 8.8%) 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 30 September 2011, the Group had a total of 121 (30 September 2010: 129) employees. Total staff costs incurred during the period amounted to approximately HK\$9,257,000 (30 September 2010: HK\$9,826,000). Remuneration packages are maintained at competitive levels and reviewed by the management on a periodical basis. Discretionary bonuses and incentive share options are awarded to certain directors and employees according to the assessment of individual merit and performance.

INTERIM DIVIDEND

The Board of the Company has resolved not to declare an interim dividend for the six months ended 30 September 2011 (2010: nil).

REPURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor its subsidiaries have purchased, sold and redeemed any of the listed securities in the Company during the six months ended 30 September 2011.

SHARE OPTION SCHEMES

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

The number of shares available for issue under the 2002 Scheme as at the date of the Interim Report is 158,681,050 which representing approximately 15.31% of the issued share capital of the Company.

Details of the movement of the share options granted to the Directors and employees of the Company under the 2002 Scheme during the period are as follows:

		Date of grant	Number of share options					At 30 September 2011	Exercise price	Exercise period
			At 1 April 2011	Transfer from other category during the period	Transfer to other category during the period	Lapsed during the period	Granted/ Exercised/ Cancelled during the period			
HK\$										
(a) Directors										
Mr. Kwan Kin Chung	(i)	7 July 2006	877,600	-	-	-	-	877,600	0.92	7 July 2006 to 6 July 2016
	(ii)	29 June 2007	109,700	-	-	-	-	109,700	2.16	29 June 2007 to 28 June 2017
	(iii)	6 November 2007	877,600	-	-	-	-	877,600	1.42	6 November 2007 to 5 November 2017
Mr. Wan Xiaolin		19 December 2003	329,100	-	-	-	-	329,100	2.42	19 December 2003 to 18 December 2013
Mr. Tang U Fai	(i)	19 December 2003	109,700	-	-	-	-	109,700	2.42	19 December 2003 to 18 December 2013
	(ii)	24 March 2005	1,755,200	-	-	-	-	1,755,200	2.69	24 March 2005 to 23 March 2015
	(iii)	7 July 2006	109,700	-	-	-	-	109,700	0.92	7 July 2006 to 6 July 2016

SHARE OPTION SCHEMES (Continued)

	Date of grant	Number of share options					At 30 September 2011	Exercise price	Exercise period
		At 1 April 2011	Transfer from other category during the period	Transfer to other category during the period	Lapsed during the period	Granted/ Exercised/ Cancelled during the period			
								HK\$	
Mr. Tang Kwing Chuen Kenneth	7 July 2006	54,850	-	-	-	-	54,850	0.92	7 July 2006 to 6 July 2016
Mr. Chen Man Lung	(i) 24 March 2005	1,426,100	-	-	-	-	1,426,100	2.69	24 March 2005 to 23 March 2015
	(ii) 7 July 2006	713,050	-	-	-	-	713,050	0.92	7 July 2006 to 6 July 2016
	(iii) 29 June 2007	1,206,700	-	-	-	-	1,206,700	2.16	29 June 2007 to 28 June 2017
	(iv) 6 November 2007	1,645,500	-	-	-	-	1,645,500	1.42	6 November 2007 to 5 November 2017
(b) Employees	(i) 19 December 2003	3,554,280	-	-	-	-	3,554,280	2.42	19 December 2003 to 18 December 2013
	(ii) 24 March 2005	4,388,000	-	-	-	-	4,388,000	2.69	24 March 2005 to 23 March 2015
	(iii) 7 July 2006	329,100	-	-	-	-	329,100	0.92	7 July 2006 to 6 July 2016
	(iv) 29 June 2007	10,476,350	-	-	-	-	10,476,350	2.16	29 June 2007 to 28 June 2017
	(v) 6 November 2007	12,286,400	-	-	-	-	12,286,400	1.42	6 November 2007 to 5 November 2017

SHARE OPTION SCHEMES (Continued)

		Date of grant	Number of share options					At 30 September 2011	Exercise price	Exercise period
			At 1 April 2011	Transfer from other category during the period	Transfer to other category during the period	Lapsed during the period	Granted/ Exercised/ Cancelled during the period			
								HK\$		
(c) Others	(i)	19 December 2003	2,490,190	-	-	-	-	2,490,190	2.42	19 December 2003 to 18 December 2013
	(ii)	24 March 2005	21,994,850	-	-	-	-	21,994,850	2.69	24 March 2005 to 23 March 2015
	(iii)	3 October 2005	3,291,000	-	-	-	-	3,291,000	1.93	3 October 2005 to 2 October 2015
	(iv)	7 July 2006	12,823,930	-	-	-	-	12,823,930	0.92	7 July 2006 to 6 July 2016
	(v)	29 June 2007	32,087,250	-	-	-	-	32,087,250	2.16	29 June 2007 to 28 June 2017
	(vi)	6 November 2007	45,744,900	-	-	-	-	45,744,900	1.42	6 November 2007 to 5 November 2017

Note:

The options exercise period is commenced from the date of grant for ten years. The options may be exercised at any time with the option period provided that the options have been vested. As at 30 September 2011, all options have been vested.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

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

DISCLOSURE OF INTERESTS

(a) Interests of the Directors

As at 30 September 2011, the interests and short positions of each Director and chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which are required (a) to be notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he/she is taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange:

Interests in the shares of the Company

Name of Director	Capacity	Nature of interest	Number of shares held	Approximate percentage of issued share capital
Ms. Chow Lai Wah Livia (Note 1)	(i) Beneficial owner	Personal interest	29,594,800	29.20%
	(ii) Interests of a controlled corporation	Corporate interest	93,588,600 (Note 2)	
	(iii) Interests of spouse	Family interest	179,403,112 (Note 3)	
Mr. Wan Xiaolin	Beneficial owner	Personal interest	50,000	0.01%
Mr. Tang Kwing Chuen Kenneth	Beneficial owner	Personal interest	135,000	0.01%

Notes:

- Ms. Chow Lai Wah Livia ("Ms. Chow") has appointed as an executive Director of the Company on 17 May 2011.
- Ms. Chow has controlling interests in L&W Holding Limited ("L&W"). L&W is beneficially interested in 93,588,600 shares in the Company. Therefore, Ms. Chow is deemed to be interested in 93,588,600 shares in the Company under the SFO.
- Harvest Smart Overseas Limited ("Harvest Smart") is beneficially interested in 173,718,712 shares and is deemed to be interested in 9,400 shares held by Chamberlin Investments Limited ("Chamberlin"). Harvest Smart has controlling interests (35.76%) in Viagold Capital Limited ("Viagold") and Chamberlin is a wholly owned subsidiary of Viagold. Therefore, Harvest Smart is deemed to be interested in 9,400 shares in the Company under the SFO.

Mr. Basilio Dizon ("Mr. Dizon") is beneficially interested in 5,675,000 shares in the Company and has controlling interests 65% and 98.64% in L&W and Harvest Smart respectively. Ms. Chow, the spouse of Mr. Dizon, is deemed to be interested in 179,403,112 shares in the Company under the SFO.

All interests stated above represent long positions.

DISCLOSURE OF INTERESTS (Continued)

(a) Interests of the Directors (Continued)

Interests in shares of associated corporation of the Company

Name of associated corporation	Name of Director	Capacity	Nature of interest	Number of shares held	% of total issued share capital of the associated corporation
China Bio Cassava Holdings Limited	Mr. Kwan Kin Chung	Beneficial owner	Personal interest	21,000,000 (Note 1)	0.26%
	Mr. Chung Billy	Beneficial owner	Personal interest	3,200,000 (Note 2)	0.04%
	Mr. Wan Xiaolin	Beneficial owner	Personal interest	13,000,000 (Note 3)	0.16%
	Mr. Tang U Fai	Beneficial owner	Personal interest	4,000,000 (Note 4)	0.05%
	Mr. Chen Man Lung	Beneficial owner	Personal interest	17,000,000 (Note 5)	0.21%
	Mr. Tsang Wai Wa	Beneficial owner	Personal interest	3,505,420 (Note 6)	0.04%

Notes:

1. Mr. Kwan Kin Chung is beneficially interested in 21,000,000 share options in China Bio Cassava Holdings Limited.
2. Mr. Chung Billy is beneficially interested in 1,200,000 ordinary shares and 2,000,000 share options in China Bio Cassava Holdings Limited.
3. Mr. Wan Xiaolin is beneficially interested in 13,000,000 share options in China Bio Cassava Holdings Limited.
4. Mr. Tang U Fai is beneficially interested in 4,000,000 share options in China Bio Cassava Holdings Limited.
5. Mr. Chen Man Lung is beneficially interested in 17,000,000 share options in China Bio Cassava Holdings Limited.
6. Mr. Tsang Wai Wa is beneficially interested in 2,505,420 ordinary shares and 1,000,000 share options in China Bio Cassava Holdings Limited.

All interests stated above represent long positions.

DISCLOSURE OF INTERESTS (Continued)**(a) Interests of the Directors (Continued)***Interests in share options of the Company*

Name of Director	Capacity	Nature of interest	Number of share options	Exercise price per share HK\$	Exercisable period	Approximate percentage of issued share capital	
Mr. Kwan Kin Chung	(i)	Beneficial owner	Personal interest	877,600	0.92	7 July 2006 to 6 July 2016	0.18%
	(ii)	Beneficial owner	Personal interest	109,700	2.16	29 June 2007 to 28 June 2017	
	(iii)	Beneficial owner	Personal interest	877,600	1.42	6 November 2007 to 5 November 2017	
Ms. Chow Lai Wah Livia (Note 1)	Interests of spouse	Family interest	4,388,000 (Note 2)	2.16	29 June 2007 to 28 June 2017	0.43%	
Mr. Wan Xiaolin	Beneficial owner	Personal interest	329,100	2.42	19 December 2003 to 18 December 2013	0.03%	
Mr. Tang U Fai	(i)	Beneficial owner	Personal interest	109,700	2.42	19 December 2003 to 18 December 2013	0.19%
	(ii)	Beneficial owner	Personal interest	1,755,200	2.69	24 March 2005 to 23 March 2015	
	(iii)	Beneficial owner	Personal interest	109,700	0.92	7 July 2006 to 6 July 2016	
Mr. Tang Kwing Chuen Kenneth	Beneficial owner	Personal interest	54,850	0.92	7 July 2006 to 6 July 2016	0.01%	

DISCLOSURE OF INTERESTS (Continued)

(a) Interests of the Directors (Continued)

Interests in share options of the Company (Continued)

Name of Director	Capacity	Nature of interest	Number of share options	Exercise price per share	Exercisable period	Approximate percentage of issued share capital
				HK\$		
Mr. Chen Man Lung	(i) Beneficial owner	Personal interest	1,426,100	2.69	24 March 2005 to 23 March 2015	0.48%
	(ii) Beneficial owner	Personal interest	713,050	0.92	7 July 2006 to 6 July 2016	
	(iii) Beneficial owner	Personal interest	1,206,700	2.16	29 June 2007 to 28 June 2017	
	(iv) Beneficial owner	Personal interest	1,645,500	1.42	6 November 2007 to 5 November 2017	

Note:

- Ms. Chow Lai Wah Livia ("Ms. Chow") has appointed as an executive Director of the Company on 17 May 2011.
- Mr. Basilio Dizon ("Mr. Dizon") has been granted 4,388,000 share options under the 2002 Scheme of the Company. Pursuant to the SFO, Ms. Chow, the spouse of Mr. Dizon, is deemed to be interested in the share options granted to Mr. Dizon.
- The options exercise period is commenced from the date of grant for ten years. The option may be exercised at any time with the option period provided that the options have been vested. As at 30 September 2011, all options have been vested.

All interests stated above represent long positions.

Save as disclosed above, as at 30 September 2011, none of the Directors nor chief executive of the Company had interests or short positions in any securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he/she is taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange.

DISCLOSURE OF INTERESTS (Continued)

(b) Interests of Substantial Shareholders

As at 30 September 2011, so far as is known to any Director or chief executive of the Company, the following person had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register to be kept by the Company under Section 336 of the SFO:

Interests in the shares and underlying shares of the Company

Name	Capacity	Number of shares held	Number of underlying shares held	Approximate percentage of issued share capital
L&W Holding Limited	Beneficial owner	93,588,600	-	9.03%
Harvest Smart Overseas Limited	Beneficial owner and interests in controlled corporation (Note 1)	173,728,112	-	16.77%
Mr. Basilio Dizon	Beneficial owner, interests in controlled corporation and interests of spouse (Note 2)	302,586,512	4,388,000	29.63%
Ms. Chow Lai Wah Livia	Beneficial owner, interests in controlled corporation and interests of spouse (Note 3)	302,586,512	4,388,000	29.63%
Mr. Li Di	Beneficial owner	55,711,000	15,730,000	6.89%

Notes:

- Harvest Smart Overseas Limited ("Harvest Smart") is beneficially interested in 173,718,712 shares and is deemed to be interested in 9,400 shares held by Chamberlin Investments Limited ("Chamberlin"). Harvest Smart has controlling interests (35.76%) in Viagold Capital Limited ("Viagold") and Chamberlin is a wholly owned subsidiary of Viagold. Pursuant to the SFO, Harvest Smart is deemed to be interested in 9,400 shares in the Company.
- Mr. Basilio Dizon ("Mr. Dizon") is beneficially interested in 5,675,000 shares and 4,388,000 share options in the Company. He also has the controlling interests 65% and 98.64% in L&W Holding Limited ("L&W") and Harvest Smart respectively. In addition, Ms. Chow Lai Wah Livia ("Ms. Chow"), the spouse of Mr. Dizon and the executive Director of the Company, is beneficially interested in 29,594,800 shares in the Company. Pursuant to the SFO, Mr. Dizon is deemed to be interested in 296,911,512 shares in the Company.
- Ms. Chow is beneficially interested in 29,594,800 shares in the Company. She is the spouse of Mr. Dizon and has the controlling interests in L&W. Pursuant to the SFO, Ms. Chow is deemed to be interested in 272,991,712 shares and all the share options granted to Mr. Dizon.

All interests stated above represent long positions

DISCLOSURE OF INTERESTS (Continued)

(b) Interests of Substantial Shareholders (Continued)

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

Save as disclosed above, as at 30 September 2011, the Directors and the chief executive of the Company were not aware of any person who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register to be kept by the Company under Section 336 of the SFO.

DIRECTORS' INTERESTS IN CONTRACTS AND CONNECTED TRANSACTION

During the period, the Company had carried on a connected and continuing connected transaction, the details of the transactions are disclosed below.

- (a) The amount due from Wealthy Concept Holdings Limited of HK\$2,654,800 (equivalent to approximately RMB2,340,206) are for the remaining balance of the profit guarantee on the acquisition of Raise Beauty Group.
- (b) On 29 June 2010, the Group entered into a licensing agreement (the "Licensing Agreement") with Mutual Work Media Investment Fund Limited ("Mutual Work"), of which Mr. Chen Man Lung, an executive Director of the Company, is holding 100% of the interest of Mutual Work. The Group granted a 3-years right to Mutual Work for the production of movies. The annual cap of the Licensing Agreement is based on the royalty payment and the share of bonus on the global box office result.

Saved as disclosed above, no other contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of or at any time during the period.

AUDIT COMMITTEE

The audit committee of the Company, with written terms of reference in line with the code provisions set out in the Code on Corporate Governance Practices (the "Code") as stipulated in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"), currently comprises three independent non-executive Directors, namely Mr. Tsang Wai Wa, Mr. Joseph Lee Chennault and Mr. Lai Qiang. The audit committee of the Company has reviewed with the management the accounting principles and practices adopted by the Group and discussed the internal control and financial reporting matters including the review of the unaudited interim results for the six months ended 30 September 2011.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the Code as set out in Appendix 14 to the Listing Rules during the six months ended 30 September 2011 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 8 August 2011 as he was on business trip for other important business engagement. However, an Executive Director, present at the annual general meeting who then took the chair of that meeting in accordance with the Bye-Laws of the Company.

MODEL CODE OF SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" as set out in Appendix 10 to the Listing Rules as its own code for dealing in securities of the Company by the Directors (the "Model Code"). Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard as set out in the Model Code during the six months ended 30 September 2011.

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

Hong Kong, 25 November 2011