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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: 1453)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2015

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 2015 together with the comparative figures for the corresponding year of 2014 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2015

		2015	2014
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Continuing operations			
Revenue	3	24,891	31,216
Cost of sales		(22,251)	(23,572)
Gross profit		2,640	7,644
Other income and other gain and loss	4	6,034	(12,752)
Administrative expenses		(96,943)	(85,323)
Other advertising and promotion expenses		(3,240)	(23,377)
Impairment loss on loans to an associate		(3,260)	(26,801)
Impairment loss on goodwill		(2,796)	–
Loss on fair value change of held for trading investments		(7,572)	(2,680)
Share of losses of associates		(2,005)	(5,417)
Share of loss of a joint venture		–	(1)
Cost incurred to develop online business	6	(9,977)	(29,899)
Loss before tax	7	(117,119)	(178,606)
Income tax (expense) credit	8	(3,130)	10
Loss for the year from continuing operations		(120,249)	(178,596)

	<i>Note</i>	2015 HK\$'000	2014 <i>HK\$'000</i>
Discontinued operations			
Gain for the year from discontinued operations		<u>–</u>	<u>21,276</u>
Loss for the year		<u>(120,249)</u>	<u>(157,320)</u>
Other comprehensive income (expenses)			
Items that may be reclassified subsequently to profit or loss:			
Exchange (loss) gain on translation of financial statements of foreign operations		<u>(4,136)</u>	<u>4,732</u>
Other comprehensive (expense) income for the year		<u>(4,136)</u>	<u>4,732</u>
Total comprehensive expense for the year		<u>(124,385)</u>	<u>(152,588)</u>
Loss for the year attributable to:			
Owners of the Company			
– Loss for the year from continuing operations		(115,684)	(172,692)
– Profit for the year from discontinued operations		<u>–</u>	<u>25,463</u>
		<u>(115,684)</u>	<u>(147,229)</u>
Non-controlling interests			
– Loss for the year from continuing operations		(4,565)	(5,904)
– Loss for the year from discontinued operations		<u>–</u>	<u>(4,187)</u>
		<u>(4,565)</u>	<u>(10,091)</u>
		<u>(120,249)</u>	<u>(157,320)</u>
Total comprehensive expense attributable to:			
Owners of the Company		(119,819)	(142,840)
Non-controlling interests		<u>(4,566)</u>	<u>(9,748)</u>
		<u>(124,385)</u>	<u>(152,588)</u>
Loss per share	9		
From continuing and discontinued operations			
Basic (HK cents)		<u>(9.9)</u>	<u>(12.6)</u>
Diluted (HK cents)		<u>(9.9)</u>	<u>(12.6)</u>
From continuing operations			
Basic (HK cents)		<u>(9.9)</u>	<u>(14.8)</u>
Diluted (HK cents)		<u>(9.9)</u>	<u>(14.8)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2015

	<i>Notes</i>	2015 HK\$'000	2014 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		14,785	15,854
Interests in associates		8,606	10,611
Intangible assets		1,385	2,905
Loans to an associate		–	4,450
Deferred tax assets		–	2,318
Goodwill		–	2,796
Available-for-sale financial assets		2	–
		24,778	38,934
Current assets			
Inventories		67,457	51,365
Trade receivables	10	2,886	2,932
Other receivables, deposits and prepayments	11	21,076	66,802
Amounts due from associates		57	48
Loans to an associate		1,190	–
Tax recoverable		142	61
Held for trading investments		7,305	19,267
Bank balances and cash		138,818	182,802
		238,931	323,277
Current liabilities			
Trade payables	12	287	361
Other payables and accrued charges		24,822	33,601
Tax payable		–	130
		25,109	34,092
Net current assets		213,822	289,185
Total assets less current liabilities		238,600	328,119
Non-current liability			
Deferred tax liability		942	–
Net assets		237,658	328,119
Capital and reserves			
Share capital		11,738	11,716
Reserves		243,672	329,589
Equity attributable to owners of the Company		255,410	341,305
Non-controlling interests		(17,752)	(13,186)
Total equity		237,658	328,119

1. BASIS OF PREPARATION

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied the following revised and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants:

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
HK(IFRIC) – Int 21	Levies

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

3. REVENUE

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

	2015 HK\$'000	2014 HK\$'000
Revenue on continuing operations		
Publishing	10,618	11,080
Retailing and wholesales	3,562	12,984
Online and social business	7,217	4,324
Catering	3,494	2,828
	24,891	31,216

4. OTHER INCOME AND OTHER GAIN AND LOSS

	2015 HK\$'000	2014 HK\$'000
Continuing operations		
Impairment losses on other receivables and deposits (Note i and ii)	(36)	(14,197)
Recovery of impairment loss on trade receivables	5,818	–
Interest income	277	670
Dividend received from listed equity securities	45	115
Net foreign exchange loss	(432)	(574)
Loss on disposal of property, plant and equipment	–	(53)
Sundry income	362	1,287
	6,034	(12,752)

Note:

- (i) During the year ended 31 March 2014, impairment losses of HK\$9,197,000 on other receivables had been recognised in profit or loss. The Directors of the Company determined that the recoverability of these receivables and deposits was remote since the amount was long outstanding for more than one year and hence full impairment loss had been recognised.
- (ii) During the year ended 31 March 2014, an impairment loss of HK\$5,000,000 on deposit paid for a proposed acquisition transaction amounting to HK\$5,000,000 to an independent third party has been recognised in profit or loss. The Directors of the Company determined that the recoverability was remote and hence full impairment loss had been recognised as at 31 March 2014.

5. SEGMENT INFORMATION

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

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

Continuing operations

- Publishing: publication of comic books and royalty income from licensing comic books.
- Online and social business: operating online social platform by providing music and online games, design and develop mobile application and operation of digital cinema.

- Retailing and wholesales: retailing of wine and mobile phones in Hong Kong and Macau and wholesales of insulation materials in Japan.
- Catering: catering services in Macau

No material changes in the composition of the Group's reportable and operating segments for the year ended 31 March 2015.

Discontinued operations

- Crude oil exploration services: crude oil exploration services in the People's Republic of China (the "PRC") (*Note b*).

Notes:

- (a) All transactions between different operating segments are charged at prevailing market rates.
- (b) On 6 February 2013, the Group has entered into a sales and purchase agreement to dispose of 100% equity interest in Raise Beauty Investments Limited and its subsidiaries to an independent third party. In accordance with HKFRS 5, the Group's business of crude oil exploration services is regarded as discontinued operations. The transaction was completed in October 2013 and the subsidiary had been fully disposed of as at 31 March 2014.

The segment information reported below does not include any amounts from these discontinued operations.

Segment revenue and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable and operating segments.

For the year ended 31 March 2015

Continuing operations

	Publishing <i>HK\$'000</i>	Online and social business <i>HK\$'000</i>	Retailing and wholesales <i>HK\$'000</i>	Catering <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue	10,618	7,217	3,562	3,494	24,891
Segment results	(1,581)	(57,749)	(8,794)	(1,331)	(69,455)
Unallocated expenses					(47,872)
Unallocated incomes					208
Loss before tax from continuing operations					(117,119)

For the year ended 31 March 2014

Continuing operations

	Publishing <i>HK\$'000</i>	Online and social business <i>HK\$'000</i>	Retailing and wholesales <i>HK\$'000</i>	Catering <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue	11,080	4,324	12,984	2,828	31,216
Segment results	(3,776)	(82,510)	(24,205)	(3,133)	(113,624)
Unallocated expenses					(64,998)
Unallocated incomes					16
Loss before tax from continuing operations					(178,606)

Segment result represents the loss before tax incurred by each segment without the allocation of incomes or expenses resulted from loss on fair value change of held for trading investments, share of losses of associates, unallocated corporate expenses and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

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

Other segment information**For the year ended 31 March 2015****Continuing operations**

	Publishing <i>HK\$'000</i>	Online and Social business <i>HK\$'000</i>	Retailing and wholesales <i>HK\$'000</i>	Catering <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Amounts regularly provided to the CODM:						
Addition to non-current assets (<i>Note</i>)	21	744	890	57	19	1,731
Amounts included in the measure of segment profit or loss:						
Depreciation of property, plant and equipment	216	1,938	88	66	544	2,852
Allowance for inventories	–	3,915	2,632	–	–	6,547
Amortisation of intangible assets	1,264	–	256	–	–	1,520
Impairment loss on loans to an associate	–	3,260	–	–	–	3,260
Impairment loss on goodwill	2,796	–	–	–	–	2,796
Cost incurred to development of online business	–	8,321	–	–	1,656	9,977
Other advertising and promotional expenses	214	2,194	649	–	183	3,240
Consultancy and professional fee	1,975	10,909	1,909	–	3,595	18,388
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

For the year ended 31 March 2014

Continuing operations

	Publishing <i>HK\$'000</i>	Online and social business <i>HK\$'000</i>	Retailing and wholesales <i>HK\$'000</i>	Catering <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Amounts regularly provided to the CODM:						
Addition to non-current assets (<i>Note</i>)	113	10,983	225	376	337	12,034
Amounts included in the measure of segment profit or loss:						
Depreciation of property, plant and equipment	192	2,288	305	773	604	4,162
Allowance for inventories	–	–	11,833	–	–	11,833
Amortisation of intangible assets	–	2,874	–	–	–	2,874
Impairment loss on loans to an associate	–	26,801	–	–	–	26,801
Cost incurred to development of online business	189	27,337	1,203	–	1,170	29,899
Other advertising and promotional expenses	514	14,469	3,331	–	5,063	23,377
Consultancy and professional fee	1,105	7,735	736	107	2,219	11,902
	<u>1,105</u>	<u>7,735</u>	<u>736</u>	<u>107</u>	<u>2,219</u>	<u>11,902</u>

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

Geographic information

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

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

	Revenue from external customers		Non-current assets (Note)	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Hong Kong (place of domicile)	14,469	15,469	17,058	24,815
The PRC	4,441	3,754	6,072	6,374
Macau	3,721	2,828	1,516	818
Japan	2,260	9,165	130	159
	<u>24,891</u>	<u>31,216</u>	<u>24,776</u>	<u>32,166</u>

Note: Non-current assets excluded available for sale financial assets, loans to an associate and deferred tax assets.

Information about major customers

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

	2015 HK\$'000	2014 HK\$'000
Customer A ¹	2,679	N/A ²
Customer B ¹	5,618	6,139

¹ Revenue from publishing segment.

² The corresponding revenue does not contribute over 10% of the total sales of the Group.

Revenue from major products and services

The following is an analysis of the Group's revenue from continuing operations from its major products and services:

	2015 HK\$'000	2014 HK\$'000
Comic books	4,386	3,619
Mobile phones	1,048	3,780
Insulation materials	2,260	9,165
Royalty income	6,210	7,242
Cinema operation	4,441	3,754
Catering service	3,494	2,827
Others	3,052	829
	<u>24,891</u>	<u>31,216</u>

6. COST INCURRED TO DEVELOP ONLINE BUSINESS

During the year ended 31 March 2015, the games application is at the final development stage. The Group focuses on developing games application that could be downloaded by mobile devices. As at 31 March 2015, except for expenditures of HK\$nil (2014: HK\$4,394,000) that relate to the development are capitalised as intangible assets, all other expenditures incurred during the current year that mainly include platform improvement, advertising, and promotion amounting to approximately HK\$9,977,000 (2014: HK\$29,899,000) in aggregate are expensed when they are incurred.

7. LOSS BEFORE TAX

	2015 HK\$'000	2014 HK\$'000
Continuing operations		
Loss before income tax has been arrived at after charging (crediting):		
Staff costs		
Directors' emoluments	7,919	5,022
Other staff costs:		
– Retirement benefits schemes contributions	716	699
– Salaries and other benefits	33,790	31,518
	42,425	37,239
Auditor's remuneration	2,487	2,459
Depreciation of property, plant and equipment included in administrative expenses		
– Owned assets	2,122	4,154
– Assets held under finance leases	–	8
	2,122	4,162
Depreciation of property, plant and equipment included in cost of sales	730	–
Consultancy and professional fee (included in administrative expenses)	18,388	11,902
Cost of inventories recognised as expenses	15,704	11,739
Allowance for inventories (included in cost of sales)	6,547	11,833
Loss on disposal of property, plant and equipment (<i>note 4</i>)	–	53
Recovery of impairment loss on trade receivables (<i>note 4</i>)	(5,818)	–
Net foreign exchange loss (<i>note 4</i>)	432	574

8. INCOME TAX (EXPENSE) CREDIT

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

Hong Kong Profits Tax is calculated at 16.5% (2014: 16.5%) on the estimated assessable profits for both years. Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Continuing operations		
Income tax expense comprises:		
Current tax		
– Hong Kong	–	–
– PRC EIT	130	(130)
Deferred tax		
– Deferred tax (expense) credit	(3,260)	140
Income tax (expense) credit	<u>(3,130)</u>	<u>10</u>

9. LOSS PER SHARE

From continuing and discontinued operations

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

Loss

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Loss for the year attributable to owners of the Company and loss for the purposes of basic and diluted loss per share	<u>(115,684)</u>	<u>(147,229)</u>
Number of shares		
Weighted average number of shares for the purposes of basic and diluted loss per share	<u>1,172,252</u>	<u>1,164,543</u>

From continuing operations

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

	2015 HK\$'000	2014 HK\$'000
Figures are calculated as follows:		
Loss for the year attributable to owners of the Company	(115,684)	(147,229)
Less: Profit for the year from discontinued operations	<u>–</u>	<u>(25,463)</u>
Loss for the purposes of basic and diluted loss per share from continuing operations	<u>(115,684)</u>	<u>(172,692)</u>

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

The computation of diluted loss per share does not assume the exercise of the Company's outstanding warrants and share options since their assumed would result in a decrease in loss per share from continuing operations.

From discontinued operations

For the year ended 31 March 2014, basic earning per share for the discontinued operation was HK2.2 cents per share (2015: nil), based on profit for the year attributable to owners of the Company from the discontinued operations of HK\$25,463,000 (2015: nil) and the denominators detailed above for basic and diluted loss per share.

10. TRADE RECEIVABLES

	2015 HK\$'000	2014 HK\$'000
Trade receivables	3,904	3,317
Less: allowance for doubtful debts	<u>(1,018)</u>	<u>(385)</u>
	<u>2,886</u>	<u>2,932</u>

The Group allows the general credit period of ranges from 0 to 90 days to customers of publishing and retailing and wholesales segments respectively. The following is the aged analysis of trade receivables net of allowance for doubtful debts presented based on invoice date at the end of reporting period, which approximated the respective revenue recognition dates.

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
0 – 60 days	1,972	1,386
61 – 90 days	123	58
91 – 180 days	638	153
Over 180 days	153	1,335
	<u>2,886</u>	<u>2,932</u>

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Other receivables	7,160	4,535
Deposits and prepayments:	13,916	62,267
Prepayment for the purchase of wine	–	26,047
Deposit for the acquisition placed in an escrow account	–	21,112
Others	13,916	15,108
	<u>21,076</u>	<u>66,802</u>

12. TRADE PAYABLES

The following is an aged analysis of trade payables presented based on the invoice dates at the end of the reporting period.

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
0 – 60 days	274	337
61 – 90 days	–	–
Over 90 days	13	24
	<u>287</u>	<u>361</u>

DIVIDEND

No dividend was paid or proposed during the year of 2015 and 2014, nor has any dividend been proposed since the end of reporting year.

FINANCIAL RESULTS

For the year ended 31 March 2015, the Group's overall turnover decreased by approximately 20.3% to HK\$24,891,000 of which approximately HK\$10,618,000, HK\$7,217,000, HK\$3,562,000 and HK\$3,494,000 (31 March 2014: HK\$11,080,000, HK\$4,324,000, HK\$12,984,000 and HK\$2,828,000) were attributable to our business of publishing, online and social business, retailing and wholesales and catering.

The Group's consolidated net loss attributable to the owners of the Company in 2015 decreased by 21.4% to HK\$115,684,000 or 21.4% to HK9.9 cents per share (31 March 2014: loss of HK\$147,229,000 or HK12.6 cents per share). This was mainly due to the lower cost related to online and social business development.

Also, as at 31 March 2015, the Group's net asset value was approximately HK\$237,658,000 and net asset value per weighted average number of 1,172,252,000 shares of the Company was approximately HK\$0.20 (31 March 2014: HK\$0.28).

WARRANTS

On 20 July 2012, the Company proposed to enter into a warrant subscription agreement in relation to the private placing of up to 76,790,000 warrants by the warrant subscribers, at the warrant issue price of HK\$0.10 per warrant. The net proceeds from the warrant subscription of approximately HK\$7,494,000 were used as the general working capital of the Group.

The non-listed warrants were issued by the Company at the warrant issue price to subscribe for an aggregate of HK\$92,148,000 in shares, each entitles the holder thereof to exercise the right to subscribe for one new share at the warrant subscription price of HK\$1.20 (subject to adjustment) at any time during a period of five (5) years commencing from the date of issue of warrants. The placing of the warrant subscription was completed on 2 August 2012. During the period, no non-listed warrants subscriber exercised their rights to subscribe share.

On 30 July 2014, the Company entered into a placing agreement with an independent placing agent in relation to the private placing of up to 157,500,000 warrants (the "2016 Warrants"), with subscription price of HK\$0.16, conferring rights to subscribe for up to 157,500,000 new ordinary shares of the Company at an exercise price of HK\$0.75 per share, to not less than 300 placees who are independent third parties, which are exercisable during the two years from 22 September 2014 to 21 September 2016 (or the next business day after 21 September 2016 if 21 September 2016 is not a business day), both days inclusive. The placing of the 2016 Warrants was completed on 19 September 2014 and was classified as equity instruments.

The proceeds from the placing of approximately HK\$23,821,000, net of expenses incurred on warrants issue amounting HK\$1,379,000, were used as general working capital of the Company.

For the year ended 31 March 2015, registered holders of 2,160,000 units of the 2016 Warrants exercised their right to subscribe for 2,160,000 shares in the company at exercise price of HK\$0.75 per shares. As at 31 March 2015, the Company had outstanding 155,340,000 units of the 2016 Warrants.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2015, the Group had bank and deposits with financial institutions balances in aggregate of approximately HK\$138,818,000 and held for trading investments of approximately HK\$7,305,000. The Group has no significant exposure to foreign exchange rate fluctuation.

As at 31 March 2015, the Group had a net current asset of approximately HK\$213,822,000 (31 March 2014: HK\$289,185,000) and a current ratio of 9.5 (31 March 2014: 9.5). The Group's total liabilities as of 31 March 2015 amounted to approximately HK\$26,051,000 (31 March 2014: HK\$34,092,000) and represented approximately 10.2% (31 March 2014: 10.0%) to equity attributable to owners of the Company.

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

EMPLOYMENT AND REMUNERATION POLICIES

As of 31 March 2015, the Group had a total of 174 employees of which 76 are based in Hong Kong, 40 in Macau and 58 in PRC. Total staff costs incurred during the year amounted to approximately HK\$42,425,000 (31 March 2014: HK\$37,239,000). 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

During the year, we saw encouraging development of our PP Mobile Mall Apps software in China with the Industrial and Commercial Bank of China as our clearing bank and strategic partner. On the back of the country's huge mobile subscriber base and high mobile transaction penetration, we see demand extend beyond China. With our ever improving design and functionalities yet at a very competitive pricing, it is set to be the ideal tool for the retailers around the world who are yet to have their own customized apps for their e-commerce plan, thus completing their Online-to-Offline (O2O) business model.

On our licensing business, we have witnessed an increasingly strong interest in our own titles in a broad range of application, including movie, mobile games and merchandise. We have also teamed up with China Mobile on building a platform which will bring in overseas titles for the mobile game developers in China to bridge the supply and demand sides for quality intellectual properties.

Regarding our cultural and entertainment businesses, our 3D movie theatre multiplex in western Guangdong continued to make satisfactory progress. Within the existing multiplex, we provide high quality entertainment and merchandise for our future generations and their families. The local government highly appreciates our excellent services provided to the local community. During the year, over HK\$4,441,000 revenue was reported. What is equally encouraging to us is that our practice of social responsibility has already been acknowledged by other local governments, who have invited us to replicate our successful business model in different locations. We believe our shareholders will also be proud of this development.

With our PP Mobile Mall Apps software, promising licensing business and our expanding 3D movie theatre multiplex business, we have enabled an O2O platform for both offline business and e-commerce, offering mobile retailing software, entertainment contents, quality products and services targeting the fast growing mainland China market and beyond.

PROSPECT

Despite the challenging headwinds during the year, we are thrilled that our state-of-the-art PP Mobile Mall Apps software has earned excellent appreciation from our partners, business associates and our respected shareholders. Looking ahead, our ongoing businesses in O2O e-commerce, entertainment and culture will pave the way to new frontiers and tremendous opportunity for the Group.

While we are confident in the business prospects of our various business initiatives discussed above, we are fully aware of the external challenges worldwide. Although the global economy continued to expand during 2014 at a moderate yet uneven pace, the prolonged recovery process from the global financial crisis was still saddled with unfinished post-crisis adjustments. Global recovery seems to be hampered by new

challenges, including the expected normalized interest rate in the US, unresolved European debt issues as well as the long due albeit short term slowdown of the Chinese economy. That said, we have now built a lifestyle, cultural and entertainment platform covering not just the China market but a global footage. We believe this has rendered our business model more resilient than ever.

CLOSURE OF REGISTERS OF MEMBERS AND WARRANTHOLDERS

The Principal Register of Members and the branch Registers of Members and Warrantholders will be closed from 10 August 2015 to 12 August 2015 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for attending the 2015 Annual General Meeting, all transfer documents accompanied by the relevant share certificates and, in the case of warrantholders, all duly completed subscription forms accompanied by the relevant warrant certificates and the appropriate subscription monies must be lodged with the Company's branch Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. 7 August 2015.

REPURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor its subsidiaries have repurchased, sold or redeemed any of the listed securities in the Company during the year ended 31 March 2015.

AUDIT COMMITTEE

The Audit Committee of the Company, with written terms of reference in line with the code provisions set out in the Code on Corporate Governance Practices (the "Code") as stipulated in Appendix 14 to the Listing Rules, currently comprises three Independent Non-Executive Directors, namely Mr. Lai Qiang, Mr. Fan Chun Wah Andrew and Mr. Joseph Lee Chennault. 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 2015.

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 2015 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 11 August 2014 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 2015.

MINIMUM NUMBERS OF INDEPENDENT NON-EXECUTIVE DIRECTORS, AUDIT COMMITTEE MEMBERS AND REMUNERATION COMMITTEE MEMBERS

Following the resignation of Mr. Tsang Wai Wa on 28 February 2015, the Company had three Independent Non-Executive Directors (“INEDs”), two Audit Committee members and two Remuneration Committee members, the number of which fell below the minimum number required under Rules 3.10A, 3.21 and 3.25 of the Listing Rules.

After the appointment of Mr. Fan Chun Wah Andrew as INED of the Company on 22 April 2015, the Company has then complied with the Rules 3.10A, 3.21 and 3.25 of the Listing Rules.

PUBLICATION OF RESULTS ANNOUNCEMENT

This results announcement is available for viewing on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.culturecom.com.hk. The annual report will be despatched to the shareholders of the Company and will be published on the above websites in due course.

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

Hong Kong, 26 June 2015

As at the date of this announcement, the Board comprises of Ms. Chow Lai Wah Livia (being the Vice Chairman and Executive Director), Dr. Lai Tak Kwong Andrew, Mr. Kwan Kin Chung, Mr. Chung Billy, Mr. Tang U Fai, Mr. Tang Kwing Chuen Kenneth and Mr. Chen Man Lung (all being Executive Directors); Mr. Chu Bong Foo (being the Chairman and Non-Executive Director) and Mr. Fan Chun Wah Andrew, Mr. Joseph Lee Chennault, Mr. Lai Qiang and Ms. Ng Ying (all being Independent Non-Executive Directors).

** For identification purpose only*