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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: 00343)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2025

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 2025 together with the comparative figures for the corresponding year of 2024 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2025

	NOTES	2025 HK\$'000	2024 HK\$'000
Revenue	3	17,328	20,158
Cost of sales		(9,701)	(10,307)
Gross profit		7,627	9,851
Other income	5	565	4,638
Other gains or losses	6	(1,743)	4,039
Impairment loss under expected credit loss (“ECL”) model, net of reversal		(888)	808
Other impairment losses	8	(2,241)	(971)
Selling expenses		–	(1,949)
Administrative expenses		(26,391)	(28,909)
Other expenses	9	(5,400)	(7,860)
Finance costs	7	(133)	(69)
Share of loss of an associate		(124)	(386)
Loss before tax	9	(28,728)	(20,808)
Income tax credit (expense)	10	328	(121)
Loss for the year		(28,400)	(20,929)

	<i>NOTES</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Other comprehensive income (expense)			
<i>Items that will not be reclassified to profit or loss:</i>			
Exchange differences on translation from functional currency to presentation currency		879	(7,376)
Fair value gain of financial assets at fair value through other comprehensive income		<u>5</u>	<u>2</u>
		884	(7,374)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		431	4,269
Reclassification of cumulative translation reserve upon disposal of a subsidiary		–	(438)
Reclassification of cumulative translation reserve upon deregistration of a subsidiary		<u>(1,475)</u>	<u>760</u>
		(1,044)	4,591
Other comprehensive expense for the year		<u>(160)</u>	<u>(2,783)</u>
Total comprehensive expense for the year		<u>(28,560)</u>	<u>(23,712)</u>
Loss for the year attributable to:			
– Owners of the Company		(27,963)	(20,782)
– Non-controlling interests		<u>(437)</u>	<u>(147)</u>
		<u>(28,400)</u>	<u>(20,929)</u>
Total comprehensive (expense) income attributable to:			
– Owners of the Company		(28,303)	(24,076)
– Non-controlling interests		<u>(257)</u>	<u>364</u>
		<u>(28,560)</u>	<u>(23,712)</u>
Loss per share			
Basic and diluted (HK cents)	12	<u>(1.7)</u>	<u>(1.2)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2025

		2025	2024
	NOTES	HK\$'000	HK\$'000
Non-current assets			
Property and equipment		113	81
Right-of-use assets		777	273
Goodwill	13	–	–
Interest in an associate		98	222
Intangible assets	14	29,761	5,525
Deposits	16	485	488
Financial assets at fair value through profit or loss		187	226
Financial assets at fair value through other comprehensive income		414	413
Loan receivables	17	4,344	–
Deferred tax assets		456	40
		<u>36,635</u>	<u>7,268</u>
Current assets			
Inventories		30,697	32,008
Trade receivables	15	3,666	3,465
Contract assets		–	118
Other receivables, deposits and prepayments	16	6,233	35,325
Loan receivables	17	685	7,956
Amounts due from an associate		750	–
Financial assets at fair value through profit or loss		696	1,714
Cash and cash equivalents		18,429	38,228
Tax recoverable		70	200
		<u>61,226</u>	<u>119,014</u>
Current liabilities			
Trade payables	18	899	946
Other payables and accrued charges	18	8,891	8,331
Contract liabilities		893	–
Loan from a shareholder		–	4,364
Loans from directors		3,000	3,436
Lease liabilities		2,131	526
Provisions	20	1,565	–
		<u>17,379</u>	<u>17,603</u>

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Net current assets	<u>43,847</u>	<u>101,411</u>
Total assets less current liabilities	<u>80,482</u>	<u>108,679</u>
Non-current liabilities		
Lease liabilities	<u>363</u>	<u>—</u>
Net assets	<u><u>80,119</u></u>	<u><u>108,679</u></u>
Capital and reserves		
Share capital	16,687	16,687
Share premium and reserves	<u>68,797</u>	<u>97,100</u>
Equity attributable to owners of the Company	85,484	113,787
Non-controlling interests	<u>(5,365)</u>	<u>(5,108)</u>
Total equity	<u><u>80,119</u></u>	<u><u>108,679</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. 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 (the “Listing Rules”) and by 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 at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The functional currency of the Company is Renminbi (“RMB”). For the convenience of the financial statements users, the consolidated financial statements are presented in Hong Kong dollars (“HK\$”), as the Company’s shares are listed on The Stock Exchange of Hong Kong Limited.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease liability in Sales and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related Amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements—Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

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

3. REVENUE

Disaggregation of revenue from contracts with customers

	Year ended 31 March 2025				
	Publishing and Intellectual properties ("IPs") licensing <i>HK\$'000</i>	Digital marketing <i>HK\$'000</i>	Retailing and wholesales <i>HK\$'000</i>	Natural language processing <i>HK\$'000</i>	Total <i>HK\$'000</i>
Timing of revenue recognition:					
At a point in time:					
– Comic books sales	12,971	–	–	–	12,971
– Royalty income from IPs licensing	3,019	–	–	–	3,019
– Sales of wine	–	–	1,227	–	1,227
Over time:					
– Social media marketing	–	111	–	–	111
Total	<u>15,990</u>	<u>111</u>	<u>1,227</u>	<u>–</u>	<u>17,328</u>
Geographical markets:					
Hong Kong (place of domicile)	15,990	–	1,227	–	17,217
The People's Republic of China (the "PRC")	–	111	–	–	111
Total	<u>15,990</u>	<u>111</u>	<u>1,227</u>	<u>–</u>	<u>17,328</u>

	Publishing and IPs licensing <i>HK\$'000</i>	Digital marketing <i>HK\$'000</i>	Retailing and wholesales <i>HK\$'000</i>	Natural language processing <i>HK\$'000</i>	Total <i>HK\$'000</i>
Timing of revenue recognition:					
At a point in time:					
– Comic books sales	12,419	–	–	–	12,419
– Royalty income from IPs licensing	2,685	–	–	–	2,685
– New media advertising revenue	–	2,484	–	–	2,484
– Sales of wine	–	–	2,457	–	2,457
Over time:					
– Social media marketing	–	113	–	–	113
Total	<u>15,104</u>	<u>2,597</u>	<u>2,457</u>	<u>–</u>	<u>20,158</u>
Geographical markets:					
Hong Kong (place of domicile)	15,104	–	2,457	–	17,561
The PRC	–	2,597	–	–	2,597
Total	<u>15,104</u>	<u>2,597</u>	<u>2,457</u>	<u>–</u>	<u>20,158</u>

4. 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 CODM have been aggregated in arriving at the reportable segments of the Group.

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

- Publishing and IPs licensing: publication of comic books and royalty income from licensing IPs of comics.
- Digital marketing: providing digital marketing and communication, IPs digitalisation and agency of IPs services in the PRC.
- Retailing and wholesales: retailing of wine.
- Natural language processing: AI speech technology with real-time human interaction, including design and implementation in both software and embedded chipset domains.

Segment revenue and results

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

For the year ended 31 March 2025

	Publishing and IPs licensing <i>HK\$'000</i>	Digital marketing <i>HK\$'000</i>	Retailing and wholesales <i>HK\$'000</i>	Natural language processing <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue					
External sales	<u>15,990</u>	<u>111</u>	<u>1,227</u>	<u>–</u>	<u>17,328</u>
Segment results	<u>1,738</u>	<u>(916)</u>	<u>(767)</u>	<u>(8,605)</u>	<u>(8,550)</u>
Unallocated expenses					(20,645)
Unallocated income					59
Other gains and losses					408
Loss before tax					<u>(28,728)</u>

For the year ended 31 March 2024

	Publishing and IPs licensing <i>HK\$ '000</i>	Digital marketing <i>HK\$ '000</i>	Retailing and wholesales <i>HK\$ '000</i>	Natural language processing <i>HK\$ '000</i>	Consolidated <i>HK\$ '000</i>
Revenue					
External sales	15,104	2,597	2,457	–	20,158
Segment results	1,384	2,236	(887)	(2,873)	(140)
Unallocated expenses					(25,717)
Unallocated income					238
Other gains and losses					4,811
Loss before tax					(20,808)

The accounting policies of the operating segments are the same as the Group’s accounting policies. Segment results represent the loss before tax incurred by each segment without the allocation of certain other income, gain (loss) on fair value change of financial assets at fair value through profit or loss (“FVTPL”), gain on deregistration of a subsidiary, impairment loss of right-of-use assets and unallocated corporate expenses. 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 2025

	Publishing and IPs licensing <i>HK\$'000</i>	Digital marketing <i>HK\$'000</i>	Retailing and wholesales <i>HK\$'000</i>	Natural language processing <i>HK\$'000</i>	Segment total <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Amounts included in the measure of segment profit or loss:							
Amortisation of intangible assets	488	–	–	2,834	3,322	–	3,322
Bank interest income	(94)	(13)	–*	–*	(107)	(13)	(120)
Depreciation of property and equipment	–	5	–	4	9	14	23
Depreciation of right-of-use assets	470	–	–	–	470	1,454	1,924
Finance costs	41	–	–	–	41	92	133
Impairment loss under ECL model, net of reversal	(721)	–*	–*	1,611	890	(2)	888
Impairment loss on interest in an associate	–*	–	–	–	–*	–	–*
Impairment loss on right-of-use assets	–	–	–	–	–	1,689	1,689
Impairment loss on intangible asset	552	–	–	–	552	–	552
Share of loss of an associate	124	–	–	–	124	–	124
Provisions for legal claim	–	–	–	1,579	1,579	–	1,579
Amounts regularly provide to CODM							
Addition to non-current assets	<u>1,234</u>	<u>–</u>	<u>–</u>	<u>28,341</u>	<u>29,575</u>	<u>2,888</u>	<u>32,463</u>

* It represents the amount less than HK\$1,000.

For the year ended 31 March 2024

	Publishing and IPs licensing <i>HK\$'000</i>	Digital marketing <i>HK\$'000</i>	Retailing and wholesales <i>HK\$'000</i>	Natural language processing <i>HK\$'000</i>	Segment total <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Amounts included in the measure of segment profit or loss:							
Amortisation of intangible assets	488	–	–	–	488	–	488
Bank interest income	(75)	(91)	–	(2)	(168)	(9)	(177)
Depreciation of property and equipment	36	8	–	3	47	7	54
Depreciation of right-of-use assets	342	–	–	–	342	–	342
Finance costs	22	–	–	–	22	47	69
Gain on deregistration of a subsidiary	–	–	–	–	–	(10,942)	(10,942)
Gain on disposal of a subsidiary	–	(823)	–	–	(823)	–	(823)
Impairment loss under ECL model, net of reversal	(912)	(83)	–	69	(926)	118	(808)
Impairment loss on interest in an associate	157	–	–	–	157	–	157
Impairment loss on prepayments	560	–	–	–	560	–	560
Impairment loss on right-of-use assets	–	–	–	–	–	254	254
Share of loss of an associate	386	–	–	–	386	–	386
Amounts regularly provide to CODM							
Addition to non-current assets	261	–	–	19	280	8	288

Geographic information

The Group's operations are located in the PRC, including Hong Kong.

Information about the Group's revenue 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	
	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Hong Kong (place of domicile)	17,217	17,561	5,461	6,080
The PRC	111	2,597	25,288	21
	<u>17,328</u>	<u>20,158</u>	<u>30,749</u>	<u>6,101</u>

Note: Non-current assets excluded those relating to deferred tax assets and financial instruments including financial assets at FVTPL, financial assets at fair value through other comprehensive income ("FVTOCI"), loan receivables and deposits.

Information about major customers

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Customer A ¹	4,973	5,648
Customer B ¹	5,748	5,133
Customer C ²	N/A ³	2,457
Customer D ¹	N/A ³	2,362
	—————	—————

¹ Revenue from publishing and IPs licensing segment.

² Revenue from retailing and wholesales segment.

³ The corresponding revenue did not contribute over 10% of the Group's total revenue in the respective year.

Revenue from major products and services

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Comic books	12,971	12,419
Premium wine	1,227	2,457
Royalty income	3,019	2,685
Digital marketing	111	2,597
	—————	—————
	17,328	20,158
	—————	—————

5. OTHER INCOME

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Bank interest income	120	177
Consultancy income	–	41
Dividend income from financial assets at FVTPL	5	85
Imputed interest income from loan receivables	268	183
Investment income from financial assets at FVTOCI	77	46
Recovery of impairment loss on trade receivables previously recognised <i>(Note)</i>	–	1,491
Recovery of impairment loss on prepayments previously recognised <i>(Note)</i>	–	2,453
Subsidies	19	19
Sundry income	76	143
	<u>565</u>	<u>4,638</u>

Note: During the year ended 31 March 2024, the recovery of impairment loss on trade receivables and prepayments previously recognised were made in respect of civil complaints by the Group against the suspected misconduct behaviour of customers and suppliers in digital marketing business.

6. OTHER GAINS OR LOSSES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Gain (loss) on fair value change of financial assets at FVTPL		
– Held for trading	447	439
– Others	–	(6,375)
Gain on deregistration of a subsidiary <i>(Note 19b)</i>	–	10,942
Gain on disposal of a subsidiary <i>(Note 19a)</i>	–	823
Gain on disposal of property and equipment	–	3
Impairment loss reversed in profit or loss of property and equipment	49	–
Loss on written off of property and equipment	(1)	(5)
Net foreign exchange loss	(580)	(2,499)
Written off of other receivables	(281)	–
Written off of other payables	202	658
Written off of trade payables	–	53
Provisions for legal claim <i>(Note 20)</i>	(1,579)	–
	<u>(1,743)</u>	<u>4,039</u>

7. FINANCE COSTS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Interests on lease liabilities	<u>133</u>	<u>69</u>

8. OTHER IMPAIRMENT LOSSES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Impairment losses recognised in respect of		
– Associate	–*	157
– Prepayments (<i>Note</i>)	–	560
– Intangible assets (<i>Note 14</i>)	552	–
– Right-of-use assets	1,689	254
	<u>2,241</u>	<u>971</u>

Note: During the year ended 31 March 2025, impairment loss of approximately HK\$Nil (2024: HK\$560,000) in respect of prepayments to suppliers in publishing and IPs licensing.

* It represents the amount less than HK\$1,000.

9. LOSS BEFORE TAX

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Loss before tax has been arrived at after charging (crediting):		
Staff costs		
Directors' emoluments	3,282	4,204
Other staff costs:		
– Retirement benefit scheme contributions	500	601
– Salaries and other benefits	12,537	14,972
– Long services payment expense	117	–
	<u>16,436</u>	<u>19,777</u>
Auditor's remuneration		
– Audit services	1,000	1,350
– Non-audit services	230	250
Cost of inventories recognised as expenses	8,323	8,860
Costs to fulfil the contracts with customers	1,378	1,447
Depreciation of property and equipment	23	54
Depreciation of right-of-use assets	1,924	342
Amortisation of intangible assets	3,322	488
Legal, consultancy and other professional fees (included in other expenses) (<i>Note</i>)	3,919	5,437
Staff termination cost	–	1,560
Research cost (included in other expenses) (including staff costs of approximately HK\$1,333,000 (2024: HK\$1,284,000))	1,481	2,423
Expenses relating to short-term leases	666	714
Gain on deregistration of a subsidiary	–	(10,942)
Gain on disposal of a subsidiary	–	(823)
	<u>16,436</u>	<u>19,777</u>

Note: The amounts represent fees paid to lawyers and consultants providing legal services and professional advices on business operations and presented under “other expenses”.

10. INCOME TAX (CREDIT) EXPENSE

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Current tax		
– Hong Kong Profit tax	88	154
Deferred tax		
– Deferred tax credit	(416)	(9)
Over-provision in prior year		
– Hong Kong Profit tax	–	(24)
	<hr/>	<hr/>
Income tax (credit) expense	(328)	121
	<hr/> <hr/>	<hr/> <hr/>

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% (2024: 16.5%) on the estimated assessable profits for both years.

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

11. DIVIDEND

No dividend was paid or proposed during the year ended 31 March 2025, nor has any dividend been proposed since the end of reporting period (2024: HK\$Nil).

12. LOSS PER SHARE

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

	2025 '000	2024 '000
Weighted average number of shares for the purposes of basic and diluted loss per share	<u>1,668,657</u>	<u>1,668,657</u>
	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Loss for the year attributable to owners of the Company for the purpose of calculating basic and diluted loss per share	<u>(27,963)</u>	<u>(20,782)</u>

The computation of diluted loss per share does not assume the exercise of the outstanding share options since the assumed conversion would result in a decrease in loss per share for the year ended 31 March 2025 and 2024.

13. GOODWILL AND IMPAIRMENT ASSESSMENT

	Total <i>HK\$'000</i>
COST	
At 1 April 2023	22,026
Disposal of a subsidiary	(2,504)
Deregistration of a subsidiary	(18,483)
Exchange realignment	(1,039)
	<hr/>
At 31 March 2024 and 31 March 2025	—
	<hr/>
ACCUMULATED IMPAIRMENT	
At 1 April 2023	22,026
Disposal of a subsidiary	(2,504)
Deregistration of a subsidiary	(18,483)
Exchange realignment	(1,039)
	<hr/>
At 31 March 2024 and 31 March 2025	—
	<hr/>
CARRYING VALUES	
At 31 March 2025	—
	<hr/> <hr/>
At 31 March 2024	—
	<hr/> <hr/>

For the purposes of impairment testing, goodwill has been allocated to two individual CGUs, each comprising a subsidiary, namely Eqmen Technology Limited* (北京易奇門科技有限公司) (“Eqmen”) and Hyperchannel Info Tech., Ltd* (北京匯傳網絡信息科技有限公司) (“Hyperchannel Info”), both subsidiaries are in digital marketing segment. An individual CGU is considered to be impaired when its recoverable amount declines below its carrying amount. The recoverable amount is the higher of value in use and fair value less costs of disposal.

In addition to goodwill above, property and equipment, intangible assets and right-of-use assets (including allocation of corporate assets) that generate cash flows together with the related goodwill are also included in the respective CGU for the purpose of impairment assessment.

* English name is for identification purpose only

Eqmen

The goodwill had been fully impaired as at 31 March 2021.

The goodwill had been fully derecognised upon deregistered during the year ended 31 March 2024. Further details are set out in Note 19b.

Hyperchannel Info

The goodwill had been fully impaired as at 31 March 2022.

The goodwill had been fully derecognised upon disposal during the year ended 31 March 2024. Further details are set out in Note 19a.

14. INTANGIBLE ASSETS

	Club memberships <i>HK\$'000</i> <i>(Note i)</i>	Customer contracts and related customer relationship <i>HK\$'000</i> <i>(Note ii)</i>	Software <i>HK\$'000</i> <i>(Note ii)</i>	Intellectual property rights <i>HK\$'000</i> <i>(Note iii)</i>	Proprietary technology <i>HK\$'000</i> <i>(Note iv)</i>	Total <i>HK\$'000</i>
COST						
At 1 April 2023	1,385	4,994	5,465	4,880	–	16,724
Disposal of a subsidiary	–	(2,132)	–	–	–	(2,132)
Deregistration of a subsidiary	–	(2,655)	(2,086)	–	–	(4,741)
Exchange realignment	–	(207)	(335)	–	–	(542)
	<u>1,385</u>	<u>–</u>	<u>3,044</u>	<u>4,880</u>	<u>–</u>	<u>9,309</u>
At 31 March 2024	1,385	–	3,044	4,880	–	9,309
Addition	–	–	–	–	28,341	28,341
Exchange realignment	–	–	(97)	–	(257)	(354)
	<u>–</u>	<u>–</u>	<u>(97)</u>	<u>–</u>	<u>(257)</u>	<u>(354)</u>
At 31 March 2025	<u>1,385</u>	<u>–</u>	<u>2,947</u>	<u>4,880</u>	<u>28,084</u>	<u>37,296</u>
ACCUMULATED AMORTISATION AND IMPAIRMENT						
At 1 April 2023	–	4,994	5,465	252	–	10,711
Charge for the year	–	–	–	488	–	488
Eliminated on disposal of a subsidiary	–	(2,132)	–	–	–	(2,132)
Eliminated on deregistration of a subsidiary	–	(2,655)	(2,086)	–	–	(4,741)
Exchange realignment	–	(207)	(335)	–	–	(542)
	<u>–</u>	<u>–</u>	<u>3,044</u>	<u>740</u>	<u>–</u>	<u>3,784</u>
At 31 March 2024	–	–	3,044	740	–	3,784
Charge for the year	–	–	–	488	2,834	3,322
Impairment loss recognised for the year <i>(Note iii)</i>	–	–	–	552	–	552
Exchange realignment	–	–	(97)	–	(26)	(123)
	<u>–</u>	<u>–</u>	<u>(97)</u>	<u>–</u>	<u>(26)</u>	<u>(123)</u>
At 31 March 2025	<u>–</u>	<u>–</u>	<u>2,947</u>	<u>1,780</u>	<u>2,808</u>	<u>7,535</u>
CARRYING VALUES						
At 31 March 2025	<u>1,385</u>	<u>–</u>	<u>–</u>	<u>3,100</u>	<u>25,276</u>	<u>29,761</u>
At 31 March 2024	<u>1,385</u>	<u>–</u>	<u>–</u>	<u>4,140</u>	<u>–</u>	<u>5,525</u>

Note i: Club memberships are life corporate club memberships in recreational clubs. As the club memberships are considered by the directors as having an indefinite useful life, the memberships are not amortised until their useful lives are determined to be finite. After considering the prices quoted in the second-hand market, no impairment of the club memberships is made during both years.

Note ii: The carrying amount of customer contracts and related customer relationship and software is amortised on a straight-line method over its remaining useful life, i.e., 5 years.

Note iii: Intellectual property rights represent the acquired intellectual properties in the form of publishing and distribution rights of various fiction writers under the ownership of the Group. The rights are amortised on a straight-line basis over the estimated useful lives based on underlying intangible assets expected to contribute to the future cash flows, i.e., 10 years.

During the year ended 31 March 2025, the directors of the Company conducted impairment review on the Intellectual property rights in view of the continuous challenging market conditions and failure to meet the budgeted financial performance derived from the products under these Intellectual Property rights with reference to the valuation reports prepared by an independent valuer.

The recoverable amount of the Intellectual property rights has been determined based on a value in use calculation, which is based on the cash flow forecast derived from the financial budgets approved by management covering the remaining useful life of the Intellectual property rights. Such income approach is an appropriate valuation method that can reflect the value of cash flow generated by continuous operation of the assets, which is consistent with the requirements under HKAS 36 in determining the value in use of cash generating units.

The key assumptions for the value in use calculations are discount rates, growth rates and budgeted gross margin. The discount rates used in the impairment assessment of Intellectual property rights as at 31 March 2025 were between 16.5% to 20.5%. The discount rate reflects the specific risks related to the business and industry in which the cash generating unit operates. The growth rate and budgeted gross margin is determined based on the past performance on similar Intellectual property rights and management's expectations for market development. The directors of the Company are not currently aware of any other probable changes that would necessitate adjustments to its key estimates.

Based on the results of the assessment, the recoverable amount is lower than the carrying amount, an impairment loss of HK\$552,000 was recognised in the consolidated statement of profit or loss and other comprehensive income as other impairment losses expenses during the year ended 31 March 2025.

Note iv: The carrying amount of proprietary technology is amortised on a straight-line method over its expected useful life i.e. 5 years.

15. TRADE RECEIVABLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade receivables	3,889	4,408
Less: allowance for credit losses	(223)	(943)
	<u>3,666</u>	<u>3,465</u>

The following is the aged analysis of trade receivables net of allowance for credit losses presented based on the date of billing.

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
0 – 60 days	1,706	1,439
61 – 90 days	701	442
91 – 180 days	1,108	1,264
Over 180 days	151	320
	<u>3,666</u>	<u>3,465</u>

As at 31 March 2025, included in the Group's trade receivables are approximately HK\$Nil (2024: HK\$38,000) due from Culturecom Media & Entertainment Limited ("CMEL"), an associate of the Group.

As at 31 March 2025, included in the Group's trade receivables balance are debtors with aggregate gross amount of approximately HK\$386,000 (2024: HK\$1,837,000) which are past due and also past due over 90 days as at the reporting date, of which approximately HK\$222,000 (2024: HK\$942,000) are considered credit impaired. Included in the past due balances for 90 days or more, allowance for credit losses of approximately HK\$222,000 (2024: HK\$942,000) has been provided as of 31 March 2025.

16. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Other receivables	170	200
Less: allowance of credit losses	<u>(120)</u>	<u>(120)</u>
	<u>50</u>	<u>80</u>
Deposits and prepayments (<i>Note</i>)	6,670	35,737
Less: allowance for credit losses	<u>(2)</u>	<u>(4)</u>
	<u>6,668</u>	<u>35,733</u>
Total other receivables, deposits and prepayments	6,718	35,813
Less: amounts that will be settled or utilised within one year	<u>(6,233)</u>	<u>(35,325)</u>
Amounts that will be utilised for more than one year	<u><u>485</u></u>	<u><u>488</u></u>

Note: As at 31 March 2025, the amount mainly comprised of deposits paid for intangible assets of approximately HK\$4,859,000 (2024: HK\$33,269,000) to independent third parties under natural language processing business.

As at 31 March 2025, included in deposits and prepayments are HK\$Nil (2024: HK\$220,000) paid to CMEL, an associate of the Group.

17. LOAN RECEIVABLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Loan receivables from independent third parties	6,736	8,068
Less: allowance of credit losses	<u>(1,707)</u>	<u>(112)</u>
	<u>5,029</u>	<u>7,956</u>
Analysed as:		
– Non-current	4,344	–
– Current	<u>685</u>	<u>7,956</u>
	<u>5,029</u>	<u>7,956</u>
The contractual maturity dates of the Group's loan receivables are as follows:		
Within one year	685	7,956
In more than one year but not more than two years	<u>4,344</u>	<u>–</u>
	<u>5,029</u>	<u>7,956</u>

During the year ended 31 March 2024, the Group has entered into certain loan agreements with independent third parties.

During the year ended 31 March 2025, the Group had agreed to extend the loan maturity date with all borrowers and certain corresponding borrowings had been reclassified and presented as non-current. As at 31 March 2025, carrying amount of loan receivables of HK\$5,029,000 (net of allowance of HK\$1,707,000) (2024: HK\$Nil, net of allowance of HK\$Nil) were considered past due despite the extension of repayment due date.

The loan receivables were unsecured, interest-free and receivable on respective maturity date. Fair value of the loan receivables on initial recognition is determined based on effective interest rate ranging from 3.15% to 3.71% (2024: 3.50% to 3.71%) per annum. The difference between the principal amount of the loan and its fair value determined on initial recognition amounting to approximately HK\$518,000 (2024: HK\$384,000).

All of the Group's loan receivables are denominated in RMB.

18. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED CHARGES

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
0 – 60 days	649	717
61 – 90 days	231	216
Over 90 days	19	13
	<hr/>	<hr/>
	899	946
	<hr/> <hr/>	<hr/> <hr/>

The average credit period on purchases of goods ranges from 15 to 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

As at 31 March 2025, other payables and accrued charges included deposit received approximately HK\$485,000 (2024: HK\$285,000), accrued operating expenses approximately HK\$5,064,000 (2024: HK\$5,158,000), accrued salaries approximately HK\$1,494,000 (2024: HK\$916,000) and accrued staff termination cost HK\$1,560,000 (2024: HK\$1,560,000).

19. DISPOSAL/DEREGISTRATION OF SUBSIDIARIES

a) Disposal of a subsidiary

On 13 April 2023, the Group entered into a sale and purchase agreement with an independent third party to dispose of its entire equity interest in Hyperchannel Info for a total cash consideration of RMB50,000 (equivalent to HK\$57,075).

The Group's share of net liabilities of Hyperchannel Info at the date of disposal and the effect of disposal were as follows:

	<i>HK\$'000</i>
Analysis of assets and liabilities over which control was lost:	
Other receivables, prepayments and deposits	34
Other payables and accrued charges	(504)
Bank balances and cash	104
	<hr/>
Net liabilities disposed of	(366)
	<hr/> <hr/>
Gain on disposal of a subsidiary:	
Consideration	57
Net liabilities disposed of	366
Derecognition of goodwill (<i>Note</i>)	–
Non-controlling interests	(38)
Reclassification of cumulative translation reserve upon disposal to profit or loss	438
	<hr/>
Gain on disposal	823
	<hr/> <hr/>
Net cash outflow arising on disposal	
Cash consideration received	57
Less: Bank balances and cash disposed of	(104)
	<hr/>
	(47)
	<hr/> <hr/>

Note: The goodwill had been fully impaired in prior years.

b) Deregistration of a subsidiary

On 20 March 2024, the Group deregistered Eqmen in which the Group held 55% of the equity interests and recognised a gain on deregistration of approximately HK\$10,942,000.

20. PROVISIONS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Legal claim	<u>1,565</u>	<u>—</u>

Movements in provision during the financial year are set out below:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Carrying amount at beginning of the year	—	—
Charged to profit or loss	1,579	—
Exchange realignment	<u>(14)</u>	<u>—</u>
Carrying amount at end of the year	<u>1,565</u>	<u>—</u>

Note: As at 31 March 2025, the Group had provisions classified as current liabilities in relation to disputes with a supplier concerning legal proceeding against the Group's subsidiary in the PRC. The provision was made based on best estimation on the outcomes of the disputes in consideration of the development of negotiations with the creditor and advice sought from the independent legal advisors. In cases where the actual future outcomes differ from the estimation, further provision may be required.

As a result of the legal claim, one of the bank accounts of the subsidiary in the PRC with other defendants, with a nominal value of approximately RMB1,052,000, has been frozen.

21. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation. The new classification was considered to provide a more appropriate presentation of the state of affairs of the Group.

22. EVENTS AFTER THE REPORTING PERIOD

On 16 April 2025, the Company entered into the warrant placing agreement with a placing agent in connection with the warrant placing, pursuant to which the sole placing agent has agreed to place, on a best effort basis, up to 200,000,000 warrants conferring rights to subscribe for up to 200,000,000 warrants share at the initial warrant subscription price of HK\$0.3 per warrant share (subject to adjust) to the warrant placee(s). Each warrant carries the right to subscribe for one warrant share. Further details are set out in the announcement of the Company dated 16 April 2025.

On 16 May 2025, the Company obtained a fixed loan from a third party for financial support amounted to HK\$2,000,000 are unsecured and payable on or before 16 June 2025 and interest bearing 24% per annum. As at the date of this announcement, the principal amount of the loan has not yet been settled.

Save as disclosed elsewhere in this announcement, there are no material subsequent events took place after 31 March 2025 and up to the date of this announcement.

DIVIDEND

No dividend was paid or proposed during the year of 2025 and 2024, nor has any dividend been proposed since the end of the reporting period.

FINANCIAL RESULTS

The Group's consolidated net loss attributable to the owners of the Company for the year ended 31 March 2025 increased by approximately 34.6% to HK\$27,963,000 or HK1.7 cents per share (2024: loss of HK\$20,782,000 or HK1.2 cents per share). The analysis of consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2025 is as follows:

1. Revenue

For the year ended 31 March 2025, the Group's overall revenue from operations decreased by approximately 14.0% from HK\$20,158,000 to HK\$17,328,000 of which approximately HK\$15,990,000, HK\$111,000, and HK\$1,227,000 (2024: HK\$15,104,000, HK\$2,597,000 and HK\$2,457,000) were attributable to our business of publishing and intellectual properties ("IPs") licensing, digital marketing, and retailing and wholesales respectively.

The revenue for publishing and IPs licensing business slightly increased by of approximately 5.9%, as an increase of revenue from more publication of comic book and IPs licensing during the year.

The revenue from the digital marketing business significantly decreased from approximately HK\$2,597,000 for the year ended 31 March 2024 to approximately HK\$111,000 for the year ended 31 March 2025. The downsizing of operations has influenced this decrease in revenue. The Group has prioritized cash and working capital conservation in response to the business's downward trajectory. The Group continues with the voluntary winding up of the indirect non-wholly owned subsidiaries (details see description below).

The revenue of retailing and wholesales segment records the sales of premium wine of approximately HK\$1,227,000 for the year ended 31 March 2025 (31 March 2024: HK\$2,457,000). Despite the recovery of Hong Kong's economy, the pace is slowing. Currently, there were no good opportunities to sell the premium wine in lot. The Group is continuously working with the consultant to develop sales and distribution channels for its premium wine.

2. Gross profit and gross profit margin

The Group recorded a gross profit of approximately HK\$7,627,000 with gross profit margin of 44.0% for the year ended 31 March 2025 as compared to the same period of 2024, which recorded a gross profit of HK\$9,851,000 with a gross profit margin of 48.9%.

The decrease in margin percentage was due to the cost production of digital marketing business segment was recognised during the year.

3. Selling expenses

The selling expenses from operations decreased from approximately HK\$1,949,000 for the year ended 31 March 2024 to approximately HK\$Nil for the year ended 31 March 2025. The was mainly due to a drop in revenue and restructure of the operation by consolidating digital marketing business segment since 2024.

4. Administrative expenses

The Group recorded an aggregate administrative expense from operations of approximately HK\$26,391,000 for the year ended 31 March 2025 (2024: HK\$28,909,000).

The major expenses components for the year ended 31 March 2025 were staff cost of approximately HK\$11,915,000 (2024: HK\$14,498,000), depreciation of right-of-use assets of approximately HK\$1,924,000 (2024: HK\$342,000), audit fee of approximately HK\$1,000,000 (2024: HK\$1,350,000), listing and corporate services fee of approximately HK\$1,186,000 (2024: HK\$1,190,000), advertising and promotion expenses of approximately HK\$602,000 (2024: HK\$738,000), and directors' emoluments of approximately HK\$3,282,000 (2024: HK\$4,204,000). The decrease in administrative expenses from operations was mainly due to reduced business activities in digital marketing business segment and streamlining of operations by continuous effort of cost control.

5. Other impairment losses

An impairment loss on right-of-use assets of approximately HK\$1,689,000 (2024: HK\$254,000) has been recognised due to the assessment of the assets' recoverability.

For the year ended 31 March 2025, an impairment loss on intangible assets of approximately HK\$552,000 (2024: HK\$Nil) was recognised.

During the year ended 31 March 2025, no impairment loss (2024: approximately HK\$560,000) was made for the unpublished comic titles prepaid to suppliers.

Due to the continuous losses incurred by an associate, an impairment loss of approximately HK\$Nil (2024: HK\$157,000) was made for the year.

6. Other expenses

The other expenses from operations recorded the research cost of approximately HK\$1,481,000 (2024: HK\$2,423,000) for the development of the natural language processing business. In 2025, legal, consultancy and other professional fees of approximately HK\$3,919,000 (2024: HK\$5,437,000) were paid to lawyers for providing legal services and paid to consultants for providing professional advices on business operations and development.

The reduction in other expenses from operations was mainly due to the streamlining of operations through ongoing cost control efforts.

7. Loss for the year

The Group recorded a loss from operations of approximately HK\$28,400,000 for the year ended 31 March 2025 (2024: HK\$20,929,000). The Group will continue to take actions to reduce costs and improve our profitability going forward.

Also, as at 31 March 2025, the Group had net assets of approximately HK\$80,119,000 (31 March 2024: HK\$108,679,000) and net asset value per share of HK\$0.05 (31 March 2024: HK\$0.07).

LIQUIDITY AND FINANCIAL RESOURCES

As of 31 March 2025, the Group had cash and bank balances with financial institutions in aggregate of approximately HK\$18,429,000 and a total of financial assets at fair value through profit or loss of approximately HK\$883,000.

The Group has no significant exposure to foreign exchange rate fluctuation except for the transactions that are denominated in United States dollars (“USD”), Australian dollars (“AUD”), Japanese Yen (“JPY”) and HK\$ relative to RMB.

As of 31 March 2025, the Group had a net current asset of approximately HK\$43,847,000 (31 March 2024: HK\$101,411,000) and a current ratio of approximately 3.5 (31 March 2024: 6.8). The Group’s total liabilities as of 31 March 2025 amounted to approximately HK\$17,742,000 (31 March 2024: HK\$17,603,000) and the gearing ratio of the Group represented approximately 20.8% (31 March 2024: 15.5%) to equity attributable to owners of the Company.

In May 2025, the Group obtained a fixed loan of HK\$2,000,000 from an independent third party. This loan is unsecured and payable on or before 16 June 2025, bearing interest at 24% per annum. The loan was used as part of the operating working capital, and it was intended that the loans would be repaid by the operating cash of the publishing and IPs licensing segment.

In conclusion, the Directors are believed that the Group will have enough liquidity to support its daily operations. As always, we are committed to being prudent and careful in managing our financial position, ensuring we maintain the greatest financial flexibility possible.

DEPOSITS PAID FOR INTANGIBLE ASSETS

As mentioned in Note 16, the Group had deposits paid for the natural language processing technology development and production of software and chipset, approximately HK\$4,859,000 in total for the year ended 31 March 2025. Such intangible asset is for the design and implementation in both software and embedded chipset domains and to produce kinds of offline Chinese language voice recognition chips that can be broadly applied to various electronic devices or application environments.

EMPLOYMENT AND REMUNERATION POLICIES

As of 31 March 2025, the Group had a total of 45 employees of which 30 are based in Hong Kong and 15 in the PRC. Total staff costs from operations amounted to approximately HK\$17,769,000 (31 March 2024: HK\$21,061,000) and a provision of staff termination payable to a staff approximately HK\$Nil (31 March 2024: HK\$1,560,000) for the year ended 31 March 2025 respectively. The management periodically reviews remuneration packages to ensure they remain competitive. Certain directors and employees may receive discretionary bonuses and incentive share options based on the Group performance and their individual merit and performance.

PROPOSED ACQUISITION

Acquisition of Entire Equity Interests in a Company involving issue of consideration Shares under Specific Mandate

On 28 May 2021, Vanity Holdings Limited (the “Purchaser”), a wholly owned subsidiary of the Group, entered into an agreement with 4 Vendors, Guangxi Fuchuan Huafa Technology Co., Ltd. (the “Vendor A”), Shenzhen Qunyou Intelligent Education Technology Co., Ltd. (the “Vendor B”), Luo Weizhao (the “Vendor C”) and Liu Jubo (the “Vendor D”) respectively, pursuant to which the Purchaser has agreed to purchase and the Vendors have agreed to sell the entire registered and paid-up capital in amount of RMB50,000,000 of Imitation Brain Technology (Shenzhen) Co., Ltd. (仿腦科技(深圳)有限公司) (the “IBT”) for a total consideration of HK\$63,000,000, which shall be settled by procuring the Company to issue and allot an aggregate of 191,000,000 new Shares of the Company to the Vendors at the issue prices of approximately HK\$0.33 for each Consideration Shares.

This proposed acquisition is subject to the approval by the shareholders of the Company at Special General Meeting. Details of the Proposed Acquisition were set out in the announcements of the Company dated 2 June 2021, 26 August 2021, 29 October 2021, 29 December 2021, 28 February 2022, 29 April 2022, 27 June 2022, 29 September 2022, 25 November 2022, 30 January 2023, 28 April 2023, 31 July 2023, 28 September 2023, 30 November 2023, 31 January 2024, 28 March 2024, 31 May 2024, 29 July 2024, 30 September 2024 and 4 October 2024 respectively. As of 29 November 2024, the proposed transaction was terminated by 4 Vendors and the Company.

PROPOSED PLACING OF NON-LISTED WARRANTS UNDER SPECIFIC MANDATE

On 16 April 2025, the Company entered into the Warrant Placing Agreement with the Placing Agent in connection with the Warrant Placing, pursuant to which the Placing Agent has agreed to place, on a best effort basis, up to 200,000,000 Warrants conferring rights to subscribe for up to 200,000,000 Warrants Share at the initial Warrant Exercise Price of HK\$0.3 per Warrant Share (subject to adjustment) to the Warrant Placee(s) who and whose ultimate beneficial owner(s) (if applicable) shall be Independent Third Parties. Each Warrant carries the right to subscribe for one Warrant Share.

The Warrants are to be placed at HK\$0.031 each. The Warrant Placing is conditional upon several conditions as set out in the paragraph headed “Conditions of the Warrant Placing” in the announcement date 16 April 2025.

The Subscription Rights attaching to the Warrants may be exercise at any time during the period of 24 months commencing from the date of the issue of the Warrants.

Assuming the maximum number of the Warrants are placed at the Warrant Placing Price, the gross proceeds and net proceeds from the issue of the Warrants will be approximately HK\$6,200,000 and HK\$5,450,000, respectively. The net proceeds from the issue of the Warrants is expected to be used for general working capital of the Group, including the payment of salary, rental expenses, IT services and other office overhead of the Group.

Assuming the full exercise of the Subscription Rights attaching to the maximum number of Warrants at the initial Warrant Exercise Price, it is expected that an additional gross proceeds of up to approximately HK\$60,000,000 will be raised.

The aggregate net proceeds from the Warrant Placing and the allotment and issue of the Warrant Shares of up to approximately HK\$65,450,000 are expected to be used for (a) as to approximately HK\$43,630,000 (representing approximately 67% of the aggregate net proceeds from the Warrant Placing and the allotment and issue of the Warrant Shares) for working capital for the revitalization and promotion of the Group's intellectual properties; and (b) as to approximately HK\$21,820,000 (representing approximately 33% of the aggregate net proceeds from the Warrant Placing and the allotment and issue of the Warrant Shares) for general working capital of the Group, including the payment of salary, rental expenses, IT services and other office overhead of the Group.

Further details of the placing of non-listed warrants are set out in the announcements of the Company dated 16 April 2025 and 12 June 2025.

This proposed placing of non-listed warrants under specific mandate is subject to the approval by Shareholders of the Company at Special General Meeting.

Save as disclosed, the Group has not conducted any equity fund raising activities during the year ended 31 March 2025.

VOLUNTARY LIQUIDATION OF TWO NON-WHOLLY OWNED SUBSIDIARIES

On 15 June 2023, the Group announced that the shareholders of Beijing Eqmen Technology Limited (北京易奇門科技有限公司) (“Eqmen”), and the shareholders of Beijing Star Engine Information Technology Co., Ltd. (北京星河引擎信息科技有限公司) (“Beijing Star Engine”), have passed resolution to set up liquidation group to liquidate Eqmen and Beijing Star Engine in accordance with the applicable laws and regulations in the PRC. The voluntary liquidation of Eqmen was completed in March 2024 and the voluntary liquidation of Beijing Star Engine has not been completed as of the reporting date.

The Group considers the voluntary liquidation of Eqmen and Beijing Star Engine is appropriate to reduce its losses and reallocate the resources and management effort to the Group's other existing businesses, as well as to explore further business opportunities should any arise.

DEREGISTRATION OF A WHOLLY OWNED SUBSIDIARIES

During the year, the Group deregistered a wholly owned subsidiary, 廣州宏昊科技有限公司, which was engaged in digital marketing business. The deregistration has completed on 4 July 2024.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As of 31 March 2025, the Group did not have any significant capital commitment and contingent liabilities (31 March 2024: nil).

BUSINESS REVIEW

Following the COVID-19 pandemic, the overall economy has yet to recover in the past two years. Against the acute business and economic environment, coupled with unstable geopolitical factors, the Group remains focus on conserving resources, restructuring operations, and taking actions to control and reduce costs and expenses, helped the Group to preserve its resources. During the year ended 31 March 2025, total revenue has decreased 14.0% from HK\$20,158,000 in 2024 to HK\$17,328,000 in 2025.

Publishing and IPs Licensing Business

The publishing and IPs licensing business is stable. Revenue from this segment, were HK\$15,990,000 in 2025 and HK\$15,104,000 in 2024. The Company is putting more effort on publication book sales of IPs' owned or under licenses, and to broaden the scope of licensing business. Other than IPs licensing, the Group is planning to expand including publishing and distribution of certain comic title in the last season of this financial year.

Digital Marketing

In streamlining its operations, following the voluntary liquidation restructuring, the remaining operations of the digital marketing divisions in Beijing and Guangzhou have been substantially scaled down. Revenue from these divisions decreased sharply by 95.7% from HK\$2,597,000 in 2024 to HK\$111,000 in 2025. The total number of employees was reduced from 3 to 1. This significant revenue decline resulted from uncertain business recovery prospects and substantial talent drain in operations. In scaling down the digital marketing business, the Company anticipates recovering and receiving cash from the net asset value distribution upon completion of the voluntary liquidation, which will be retained as general working capital for the Group. Furthermore, the voluntary liquidation process remains ongoing for our non-wholly owned subsidiary, Beijing Star Engine Information Technology Co. Ltd. (“Beijing Star Engine”), which was engaged in providing technical support and services of our digital marketing team to our customers.

Retailing and Wholesales Business

The Group's premium wine is primary for consumption by high-end consumer groups or restaurants and are mainly sold on a wholesale basis. Overall, sales are stable, but are subject to market demand and revenue is not stable. The Group is also currently put focus on selling the wine in large lots to generate positive cash flow and liquidity of inventories.

Natural Language Processing

Since commencing natural language processing operations, the Group has leveraged its expertise in AI technology and past research and development experience to invest in the development and production of software and chipsets with natural language processing technology, with a focus on Chinese language voice recognition. Several invention patents have been obtained, and progress has been made in product applications.

The Group is expecting this first application of such technology will yield the first fruitful result of years of efforts in supporting the research and development of artificial intelligence for Chinese language recognition. The Group believes that AI speech recognition chips (i.e., language chips), as one of the core components for IoT interaction, will be applied in digital marketing research as analytical tools and widely used in mobile phones, intelligent home devices, IoT applications, etc. During this financial year, the Group has focused on enhancing AI speech technology, particularly on developing and improving software to facilitate real-time human-machine interaction. Given the highly competitive AI market, the Group has adopted a prudent strategy to enter the market primarily through collaborations or licensing arrangements, which may not generate significant revenue for the Group in the short term. For the twelve months ended 31 March 2025, net operating expenses amounted to approximately HK\$2,581,000, excluding amortization of Intangible assets, Impairment loss under ECL model and provision for legal claim. This was mainly due to costs associated with personnel and business promotion. Headcount employed for this business segment now stands at 14 and the Group will continue to hire professionals in building a technical and business development team.

PROSPECT

We note that pivotal changes are occurring in our operations. While striving to maintain sustainable development levels in existing business segments, we aim to swiftly bring the natural language processing division to market and generate profits for the Group. In light of the current market instability, the natural language processing business segment operates through technology licensing collaborations, primarily applied in intelligent home systems, intelligent vehicle cockpits, smartphones, and related areas. As of 31 March 2025, the total number of employees stood at 45, compared to 47 as of 31 March 2024. The resurgence of Hong Kong cultural nostalgia, driven by short dramas and films adapted from Hong Kong comics, continues to gain momentum. Coupled with the strong “Eastern Wave” trend sparked by original IPs, the Group is collaborating with partners to further revitalize the Group’s IPs and expand the scope of its comic business, while maintaining its traditional comic publishing and licensing business. This includes launching a series of products featuring our own IPs brands and AI-generated dramas and movies content.

CLOSURE OF REGISTERS OF MEMBERS

The Principal Register of Members and the branch Registers of Members will be closed from 21 August 2025 to 26 August 2025 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for attending the 2025 Annual General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. 20 August 2025.

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 2025.

AUDIT COMMITTEE

The Audit Committee of the Company, with written terms of reference in line with the code provision set out in the Code on Corporate Governance Practices (the "Code") as stipulated in Appendix C1 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"), currently comprises of three Independent Non-executive Directors, namely Mr. Wong Kwan Kit, Mr. Mung Yat Lik and Mr. Fung Ting Ho, respectively. 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, risk management and financial reporting matters including the review of audited financial statements for the year ended 31 March 2025.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

For the period from 1 April 2024 to 31 March 2025, the Company has adopted the code provisions set out in the Corporate Governance Code (the "Corporate Government Code") set out in the Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as its own code on corporate governance practice. During the year, the Company has been in compliance with all code provisions set out in the Corporate Governance Code except the following deviation:

Code Provision B.2.2

Under the code provision B.2.2, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. The current INED 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) 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.

MINIMUM NUMBERS OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Following the resignation of Mr. Fan Chun Wah Andrew on 6 May 2024, the Company had two Independent Non-Executive Directors (“INEDs”), the number of which fell below the minimum number required under Rules 3.10 (1) of the Listing Rules.

After the appointment of Mr. Fung Ting Ho as INED on 31 July 2024, the Company has then complied with the minimum of three independent non-executive Directors requirements under Rule 3.10(1) of the Listing Rules.

MINIMUM NUMBERS OF CORPORATE GOVERNANCE COMMITTEE

According to the written terms of reference, the Corporate Governance Committee (the “CGC”) comprised of 4 members. Following the resignation of Mr. Huang Mingguo on 2 July 2021, Ms. Hung Wai Kwan on 8 August 2021 and Ms. Chow Lai Wah Livia on 13 January 2023 and the appointment of Mr. Wong Kon Man Jason and Mr. Yue Chi Wing on 28 June 2022, the Company currently comprises of three Corporate Governance Committee members, Mr. Kwan Kin Chung, Mr. Wong Kon Man Jason and Mr. Yue Chi Wing respectively. The Board will commence a process to identify replacement so as to full the written terms of reference of Corporate Governance Committee.

THE CHAIRMAN OF NOMINATION COMMITTEE

Following the resignation of Mr. Kwan Kin Chung, an executive Director, as the chairman of the Nomination Committee and the appointment of Mr. Fung Ting Ho, an independent non-executive Director as the chairman of Nomination Committee on 26 September 2024, the Company has complied with the nomination committee chaired by the chairman of the board or an independent non-executive director requirements under Rule 3.27A of the Listing Rules.

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 C3 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 2025.

PUBLICATION OF RESULTS ANNOUNCEMENT

This results announcement is published 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.

By Order of the Board
Culturecom Holdings Limited
Kwan Kin Chung
Managing Director

Hong Kong, 24 June 2025

As at the date hereof, the Board comprises of Mr. Kwan Kin Chung (being Executive Director); Mr. Wong Kon Man Jason (being Chairman and Non-executive Director) and Dr. Liu Ka Ying Rebecca (being Vice Chairman and Non-executive Director); and Mr. Wong Kwan Kit, Mr. Mung Yat Lik and Mr. Fung Ting Ho (all being Independent Non-executive Directors).

* *For identification purpose only*