CULTURECOM HOLDINGS LIMITED

文化傳信集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 343)

(Warrant Code: 453)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

INTERIM RESULTS

The board of directors (the "Board") of Culturecom Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 September 2009 together with the comparative figures for the corresponding period of 2008 are as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

		Six months ended 30 September	
	Notes	**2009** *HK$'000* **(unaudited)**	2008 *HK$'000* (unaudited)
Revenue	2	**18,072**	25,914
Cost of sales		**(10,174)**	(15,729)
Gross profit		**7,898**	10,185
Other income		**723**	1,493
Administrative expenses		**(28,554)**	(25,664)
Increase / (Decrease) in fair value of financial assets at fair value through profit or loss		**16,972**	(46,029)
Share of losses of associates		**(1,085)**	(1,494)
Finance costs	4	**(4)**	(174)
Loss before income tax	5	**(4,050)**	(61,683)
Income tax credit	6	**1,440**	1,439
Loss for the period		**(2,610)**	(60,244)
Other comprehensive income for the period			
Exchange gain on translation of financial statements of foreign operations		**572**	4,195
Total comprehensive loss for the period		**(2,038)**	(56,049)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

		Six months ended 30 September	
		2009	2008
	Notes	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Loss for the period attributable to:			
Equity holders of the Company		**(2,174)**	(60,244)
Minority interests		**(436)**	–
		(2,610)	(60,244)
Total comprehensive loss attributable to:			
Equity holders of the Company		**(1,602)**	(56,049)
Minority interests		**(436)**	–
		(2,038)	(56,049)
			(Restated)
Loss per share attributable to equity holders of the Company during the period			
– Basic	7	**HK0.32 cents**	HK8.5 cents
– Diluted		**N/A**	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2009

	Notes	30 September 2009 HK$'000 (unaudited)	31 March 2009 HK$'000 (audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**59,058**	56,982
Prepaid lease payments		**14,047**	14,239
Investment properties		**120,251**	120,251
Long term deposits		**2,270**	2,268
Interests in associates		**23,999**	25,084
Goodwill	8	**4,743**	–
Intangible assets		**201,374**	207,000
		425,742	425,824
Current assets			
Inventories		**924**	280
Trade receivables	9	**12,333**	16,135
Prepaid lease payments		**382**	382
Other receivables, deposits and prepayments		**24,921**	69,599
Amounts due from fellow subsidiaries of an associate		**236**	236
Amounts due from associates		**33**	21
Tax recoverable		**108**	153
Financial assets at fair value through profit or loss		**103,175**	77,582
Bank balances and deposits with financial institutions		**142,135**	130,240
		284,247	294,628
Current liabilities			
Trade payables	10	**5,290**	5,160
Other payables and accrued charges		**16,466**	26,478
Amounts due to fellow subsidiaries of an associate		**1,184**	1,233
Amounts due to associates		**195**	–
Obligations under finance leases – due within one year		**43**	43
Tax payable		**180**	176
		23,358	33,090
Net current assets		**260,889**	261,538
Total assets less current liabilities		**686,631**	687,362

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(CONTINUED)*

AS AT 30 SEPTEMBER 2009

	30 September 2009	31 March 2009
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Non-current liabilities		
Obligations under finance leases		
– due after one year	**114**	135
Deferred tax liabilities	**59,392**	60,798
	59,506	60,933
Net assets	**627,125**	626,429
EQUITY		
Share capital	**689,256**	689,456
Reserves	**(64,479)**	(63,027)
Equity attributable to equity holders of the Company	**624,777**	626,429
Minority interests	**2,348**	–
Total equity	**627,125**	626,429

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These unaudited condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with the Hong Kong Accounting Standards ("HKAS") No. 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The unaudited condensed consolidated interim financial statements have been prepared under the historical cost basis except for investment properties, financial assets at fair value through profit and loss and certain financial assets and financial liabilities which are stated at fair value.

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 March 2009, except for the adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (which include individual HKFRSs, Hong Kong Accounting Standards and Interpretations) as disclosed below.

This unaudited condensed consolidated interim financial statements does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2009.

In the current period, the Group has applied for the first time the following new and revised HKFRSs issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual financial period beginning on 1 April 2009.

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKFRS 1 and HKAS 27 (Amendment)	Cost of an investment in a subsidiary, jointly controlled entity or an associate
HKFRS 2 (Amendment)	Share-based Payment – vesting conditions and cancellations
HKFRS 8	Operating Segments
HKAS 32, HKAS 39 & HKAS 7 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 7 (Amendments)	Financial instruments disclosures – Improving disclosures about financial instruments
HK (IFRIC) – Int 9 & HKAS 39 (Amendments)	Reassessment of Embedded Derivatives
Various	Annual Improvements to HKFRSs 2008

Except for the adoption of HKFRS 8 and HKAS 1 (Revised), the adoption of above new standards, amendments/revisions to standards and interpretations which become effective for accounting period beginning 1 April 2009 have had no material impact on the Group's results of operations and financial position.

HKAS 1 (Revised 2007) Presentation of Financial Statements

The adoption of HKAS 1 (Revised 2007) makes certain changes to the format and titles of the primary financial statements and to the presentation of some items within these statements. It also gives rise to additional disclosures. The measurement and recognition of the Group's assets, liabilities, income and expenses are unchanged. However, some items that were recognised directly in equity are now recognised in other comprehensive income, for example exchange difference arising on the translation of overseas operation. HKAS 1 affects the presentation of owner changes in equity and introduces a "Statement of Comprehensive Income". Comparatives have been restated to conform with the revised standard.

HKFRS 8 Operating Segments

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

The Group has not adopted earlier or applied the following new interpretations and amendments/revisions to standards that have been issued but are not yet effective, in this condensed consolidated interim financial statements.

HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 3 (Revised)	Business Combinations[1]
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners[1]

[1]Effective for annual periods beginning on or after 1 July 2009

Apart from the above, the HKICPA has issued "Improvements to HKFRSs 2009" in May 2009. The Improvements set out amendments to a number of HKFRSs and are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate. The Group has already commenced an assessment of the related impact of adopting the above new interpretations and amendments/revisions to standards in the period of initial application. So far, it has concluded that the adoption of the above new interpretation and amendments/revisions to standards will have no material impact on results of operations and financial position.

2. REVENUE AND TURNOVER

Revenue, which is also the Group's turnover, represents the amount received and receivable for goods sold by the Group, less returns and allowance, rental income and exploration and production services income and is analysed as follows:

	Six months ended 30 September	
	2009	2008
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Sales of goods	**12,569**	18,537
Rental income	**3,311**	3,475
Exploration and production services income	**2,192**	3,902
	18,072	25,914

3. SEGMENT INFORMATION

On adoption of HKFRS 8 "Operating Segments", the Group has identified its operating segments and prepared segment information based on the regular internal financial information reported to the Group's executive directors for their decisions about resources allocation to the Group's businesses components and review of these components' performance. The business components in the internal reporting to the executive directors are determined following the Group's major product and service lines.

The Group has identified the following reportable segments:

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

Each of these reportable segments is managed separately as each of these product and service lines requires different resources as well as marketing approaches. The adoption of HKFRS 8 has not changed the identified operating segments for the Group compared to 2008 annual financial statements.

Under the HKFRS 8, reported segment information is based on internal management reporting information that is regularly reviewed by the executive directors. The executive directors assess segment profit or loss using a measure of operating profit. The measurement polices the Group used for segment reporting under HKFRS 8 are the same as those used in its HKFRS financial statements.

There are no sales between the reportable segments.

Information regarding the Group's reportable segments is set out below:

For the six months ended 30 September 2009

	Publishing	**Property investment**	**Crude oil exploration services**	**Chinese information infrastructure**	**Unallocated**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
	(unaudited)	**(unaudited)**	**(unaudited)**	**(unaudited)**	**(unaudited)**	**(unaudited)**
Revenue	**12,402**	**3,311**	**2,192**	**167**	**–**	**18,072**
Segment results	**2,517**	**188**	**(6,731)**	**(7,512)**	**(8,395)**	**(19,933)**
Increase in fair value of financial assets at fair value through profit and loss						**16,972**
Share of losses of associates						**(1,085)**
Finance costs						**(4)**
Loss before income tax						**(4,050)**
Income tax credit						**1,440**
Loss for the period						**(2,610)**

For the six months ended 30 September 2008

	Publishing	Property investment	Crude oil exploration services	Chinese information infrastructure	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	18,537	3,475	3,902	–	–	25,914
Segment results	2,417	398	(4,658)	(4,092)	(8,051)	(13,986)
Decrease in fair value of financial assets at fair value through profit and loss						(46,029)
Share of losses of associates						(1,494)
Finance costs						(174)
Loss before income tax						(61,683)
Income tax credit						1,439
Loss for the period						(60,244)

4. FINANCE COSTS

	Six months ended 30 September	
	2009	2008
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Interest charges on:		
Finance leases	**4**	3
Other borrowings wholly repayable within one year	**–**	171
	4	174

5. LOSS BEFORE INCOME TAX

	Six months ended 30 September	
	2009	2008
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Loss before income tax has been arrived at after charging/(crediting):		
Staff costs, including directors emoluments	**9,482**	7,265
Amortisation of prepaid lease payments	**192**	252
Amortisation of intangible assets	**5,761**	5,757
Loss on disposal of property, plant and equipment	**–**	31
Depreciation of property, plant and equipment	**2,059**	1,765
Interest income	**(1,223)**	(1,095)

6. INCOME TAX CREDIT

No provision for Hong Kong profits tax has been provided in the financial statements as the Group had no estimated assessable profits for the period (2008: nil). The Group also had no assessable profits in other jurisdiction in both periods.

	Six months ended 30 September	
	2009	2008
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Current tax	**–**	–
Deferred tax		
Revaluation of intangible assets	**1,440**	1,439
	1,440	1,439

7. LOSS PER SHARE

The calculation of the basic loss per share attributable to the equity holders of the Company is based on the loss for the period of HK$2,174,000 (2008: HK$60,244,000) and the weighted average number of 689,263,614 (2008: 709,525,964) ordinary shares in issue during the period, as adjusted for the effect of the consolidation of ordinary shares of the Company on the basis that every ten then existing issued ordinary shares of HK$0.1 each were consolidated into one ordinary share of HK$1.0 each with effective from 4 November 2008.

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

8. GOODWILL

The carrying amount of goodwill result from acquisition of subsidiary on May 2009 and the group's management have been taken into consideration on past performance and its expectations for the acquired subsidiary. There was no change in any carrying amount of goodwill as at 30 September 2009.

9. TRADE RECEIVABLES

	30 September 2009	31 March 2009
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Trade receivables	**15,513**	18,907
Less: Impairment of trade receivables	**(3,180)**	(2,772)
	12,333	16,135

The following is an ageing analysis (based on invoice date) of trade receivables at the date of statement of financial position:

	30 September 2009	31 March 2009
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 – 60 days	**5,089**	4,518
61 – 90 days	**2,221**	1,128
91 – 180 days	**599**	855
Over 180 days	**4,424**	9,634
	12,333	16,135

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

The carrying amounts of trade receivables approximate to their fair values.

10. TRADE PAYABLES

The following is an ageing analysis of trade payables at the date of statement of financial position:

	30 September 2009	31 March 2009
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 – 60 days	**1,945**	2,702
61 – 90 days	**1,165**	1,010
Over 90 days	**2,180**	1,448
	5,290	5,160

The carrying amounts of trade payables approximate to their fair values.

11. BUSINESS COMBINATION

On 9 December 2008, the Group entered into a conditional sale and purchase agreement with an independent third party in relation to the acquisition for 53% equity interest of a PRC travel business with total consideration of RMB7,000,000 and completed in May 2009. The acquired business contributed revenues of HK$76,000 and loss before tax of HK$928,000 to the Group for the period from 1 June 2009 to 30 September 2009.

If the acquisition had occurred on 1 April 2009, the Group's revenue would have been HK$98,573 and loss before tax would have been HK$1,562,000. This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2009, nor is it intended to be a projection of future results.

Details of the net assets acquired and goodwill are as follows:

	HK$'000
Purchase consideration	
– Cash paid	7,882
Net assets acquired	3,139
Goodwill	4,743

The assets and liabilities arising from the acquisition are as follows:

	Value of net assets acquired	Acquiree's carrying amount
	HK$'000	*HK$'000*
Cash and cash equivalents	9,900	9,900
Property, plant and equipment	259	259
Inventory	241	241
Trade and other receivable	1,274	1,274
Trade and other payables	(5,751)	(5,751)
Net assets	5,923	5,923
Minority interest (47%)	(2,784)	
Net assets acquired	3,139	

	HK$'000
Purchase consideration settled in cash	7,882
Cash and cash equivalents acquired	9,900
Cash inflow on acquisition of subsidiary	2,018

12. CAPITAL COMMITMENTS

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

	30 September 2009	31 March 2009
	HK$'000	*HK$'000*
Contracted but not provided for	**29,673**	37,591

The Company did not have any capital commitment as at 30 September 2009 (31.3.2009: Nil).

13. INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend in respect of the six months ended 30 September 2009 (2008: Nil).

14. COMPARATIVE FIGURES

As a result of the application of HKAS 1 (revised 2007), Presentation of Financial Statements, and HKFRS 8, Operating Segments, certain comparative figures have been adjusted to conform to current period's presentation and to provide comparative amounts in respect of items disclosed for the first time in 2009.

INTERIM DIVIDEND

The Board of Directors of the Company has resolved not to declare an interim dividend for the six months ended 30 September 2009 (2008: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

For the year period 30 September 2009, the Group's overall turnover decreased by approximately 30.3% to HK$18,072,000, of which approximately HK$12,402,000, HK$167,000, HK$3,311,000 and HK$2,192,000 (2008: HK$18,537,000, nil, HK$3,475,000 and HK$3,902,000) were attributable to our business of publication, Chinese information infrastructure, property investment and crude oil exploration services respectively.

The Group's consolidated net loss attributable to the equity holders of the Company changed from HK$60,244,000 or HK8.5 cents per share in 2008 to approximately HK$2,174,000, or HK0.32 cents per share in this period and this was primarily due to the fair value increase of HK$16,972,000 (2008: decrease of HK$46,029,000) in the portfolio of investment as valuation of all asset classes rebounded from their deep discount globally. Being a prudent investor, the Group invested the excess liquidity carried-forward from prior period in financially sound instruments and specifically avoided many of the toxic financial instruments and derivatives that brought down the global financial market. Also, as of 30 September 2009, the Group's net asset value was HK$627,125,000 and net asset value per weighted average number of 689,263,614 shares of the Company was approximately HK$0.91 (31 March 2009: HK$0.88).

Liquidity and Financial Resources

As at 30 September 2009, the Group had bank and deposits with financial institutions balances in aggregate of approximately HK$142,135,000 and financial assets at fair value through profit and loss of approximately HK$103,175,000. The Group has no significant exposure to foreign exchange rate fluctuation. As of 30 September 2009, the Group had a net current asset of approximately HK$260,889,000 (31 March 2009: HK$261,538,000) and a current ratio of 12.17 (31 March 2009: 8.91). The Group's total holders liabilities as of 30 September 2009 amounted to approximately HK$82,864,000 and represented approximately 13.26% (31 March 2009: 15.01%) to equity holders. Upon consideration of the above, the Directors have no doubt that the Group will have sufficient liquidity to finance its daily operations, as reflected by its healthy financial status with a wealth of cash flow and other resources. As always, the Group will continue to follow prudent and disciplined cash management practices on any excess liquidity. Any future net proceeds from the fund raising and exercise of warrants and share options would certainly strengthen the positive outlook of the Group and propel it to an even stronger financial position.

Warrants

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

During the six months ended 30 September 2009, no registered holders of the 2010 Warrants exercised their rights to subscribe for the Company's shares.

Employment and Remuneration Policies

As of 30 September 2009, the Group had a total of 125 employees of which 46 are based in Hong Kong, 31 in Macau and 48 in the PRC. Total staff costs incurred during the period amounted to approximately HK$9,482,000 (2008: HK$7,265,000). Remuneration packages are maintained at competitive levels and reviewed by the management on a periodical basis. Discretionary bonuses and incentive share options are awarded to certain directors and employees according to the assessment of individual merit and performance.

BUSINESS REVIEW

The past global economic turmoil has taken toll on many operations and its impact still has far-reaching implications on existing and future businesses. Acting with prudence, our Group implemented guidelines to regularly revalue its position in the marketplace and consequently shed operational units that were unprofitable and refocused on our core competence of licensing, while continued to branch out into synergistic businesses with promising return. The benefit of the restructuring that had effect in the earlier periods continued into this period, resulting in an overall bottom line that was better than that from the same period last year. To this end, the management of our Group is very confident that the light is at the end of the tunnel and as the global economic turmoil further bottoms out and recovery becomes visible, our investments will revert back to its intrinsic value and therefore Culturecom's position among its competitors will be strengthened.

A number of our achievements in the past six months deserve some attention. With respect to the technology-business, our Group has finished unloading its non-core businesses while actively seeking for suitable cooperative partners to enhance and commercialize its technologies. In the comic business, our Group has strengthened its licensing business with additional resources, actively pursuing opportunities in game development and movie production, while continuing to extend its brand into other areas of interest, such as education. One of the significant ideals of Culturecom has always been about bringing Chinese culture into the mainstream; and in light of this, our Group is developing an Asian-flavor animation/comic creation interface using our very own Generating Engine technology. Our huge animation/comic image database along with this Generating Engine will allow general masses to participate in the production process; lowering cost on one hand, while creating appeal to a new generation of artists as well. Aside from technology and comics, the Group's venture in the petroleum extraction business started to take shape but as the global oil prices remained unstable, much effort was devoted to exploration in the first half, leaving much of the oil extraction work in the second half of the year. As a result, the operation's impact to the overall financial results has been minimal but from the geology information gathered so far, our Group is confident that the oil extraction venture in Shengli Oilfield and Chaoshui Basin has the potential to yield promising results in the years to come.

PROSPECTS

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

REPURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

Neither the Company nor its subsidiaries have purchased, sold or redeemed any of the listed securities in the Company during the six months ended 30 September 2009.

AUDIT COMMITTEE

As at 30 September 2009, the Audit Committee comprises two members, namely Mr. Joseph Lee Chennault and Mr. Lai Qiang. The total number of members falls below the minimum number required under Rule 3.21 of the Listing Rules.

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

The Audit Committee, with written terms of reference in line with the code provisions set out in the Code on Corporate Governance Practices (the "Code") as stipulated in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange, currently comprises three independent non-executive Directors, namely Mr. Tsang Wai Wa, Mr. Joseph Lee Chennault and Mr. Lai Qiang. The Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed the internal control and financial reporting matters including the review of the unaudited interim results for the six months ended 30 September 2009.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the Code as set out in Appendix 14 to the Listing Rules during the six months ended 30 September 2009 except for the following deviations:

Code Provision A.4.1

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

Code Provision E.1.2

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

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

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" as set out in Appendix 10 to the Listing Rules as its own code for dealing in securities of the Company by the Directors (the "Model Code"). Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard as set out in the Model Code during the six months ended 30 September 2009.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT

This interim 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 interim report will be despatched to the shareholders of the Company and will be published on the above websites in due course.

APPRECIATION

I would like to dedicate sincere gratitude to the Board, our management and all our staff for their devoted efforts during this period and to all our customers, suppliers, business partners and our shareholders for their enthusiastic support of the Group.

By Order of the Board of
CULTURECOM HOLDINGS LIMITED
Cheung Wai Tung
Chairman

Hong Kong, 21 December 2009

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

* *for identification purpose only*