ROJAM ENTERTAINMENT HOLDINGS LIMITED

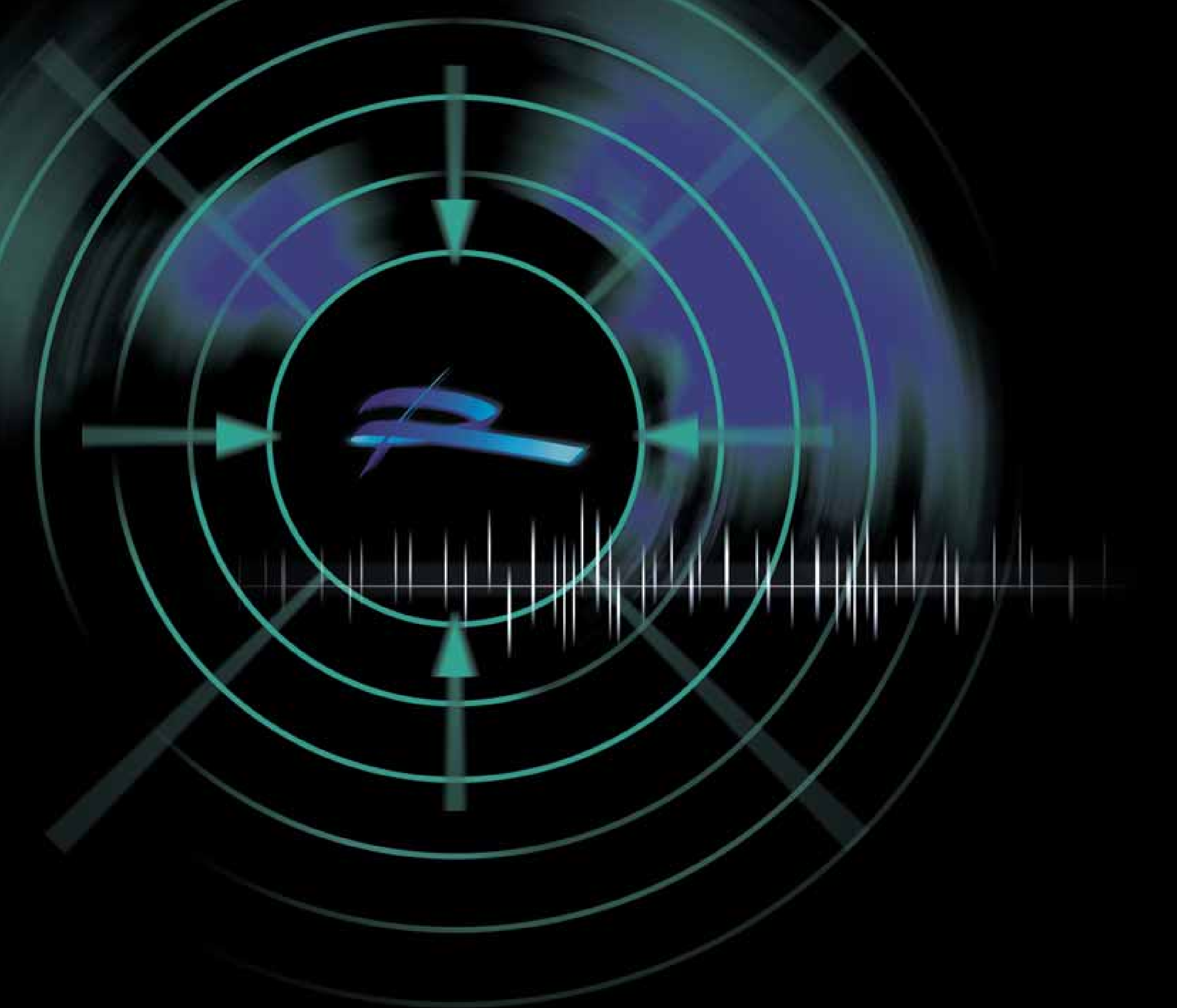
(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8075

2008/2009 Annual Report

ROJAM

Entertainment Network Asia



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This report, for which the directors of Rojam Entertainment Holdings Limited (the "Directors") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of The Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to Rojam Entertainment Holdings Limited. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Hidenori Nakai (Chairman)
Wang Kefei (Chief Executive Officer)
Etsuro Tojo (Chief Operating Officer)
Takeyasu Hashizume
Etsuko Hoshiyama
Hiroshige Tonomura

Independent Non-executive Directors

Seiichi Nakaoda
Kwong Pui Kei
Chan Hing Keung, Wilson

COMPLIANCE OFFICER

Wang Kefei

COMPANY SECRETARY

Etsuko Hoshiyama, CPA, AICPA

AUDIT COMMITTEE

Seiichi Nakaoda
Kwong Pui Kei
Chan Hing Keung, Wilson

REMUNERATION COMMITTEE

Seiichi Nakaoda
Kwong Pui Kei
Chan Hing Keung, Wilson

AUTHORISED REPRESENTATIVES

Wang Kefei
Etsuko Hoshiyama

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit 501, 5/F
Lucky Building
39 Wellington Street, Central
Hong Kong

WEBSITE

http://www.rojam.com

STOCK CODE

8075

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fund Services (Cayman) Limited
Butterfield House
Fort Street
P. O. Box 705
George Town
Grand Cayman
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
46th Floor, Hopewell Centre
183 Queen's Road East
Hong Kong

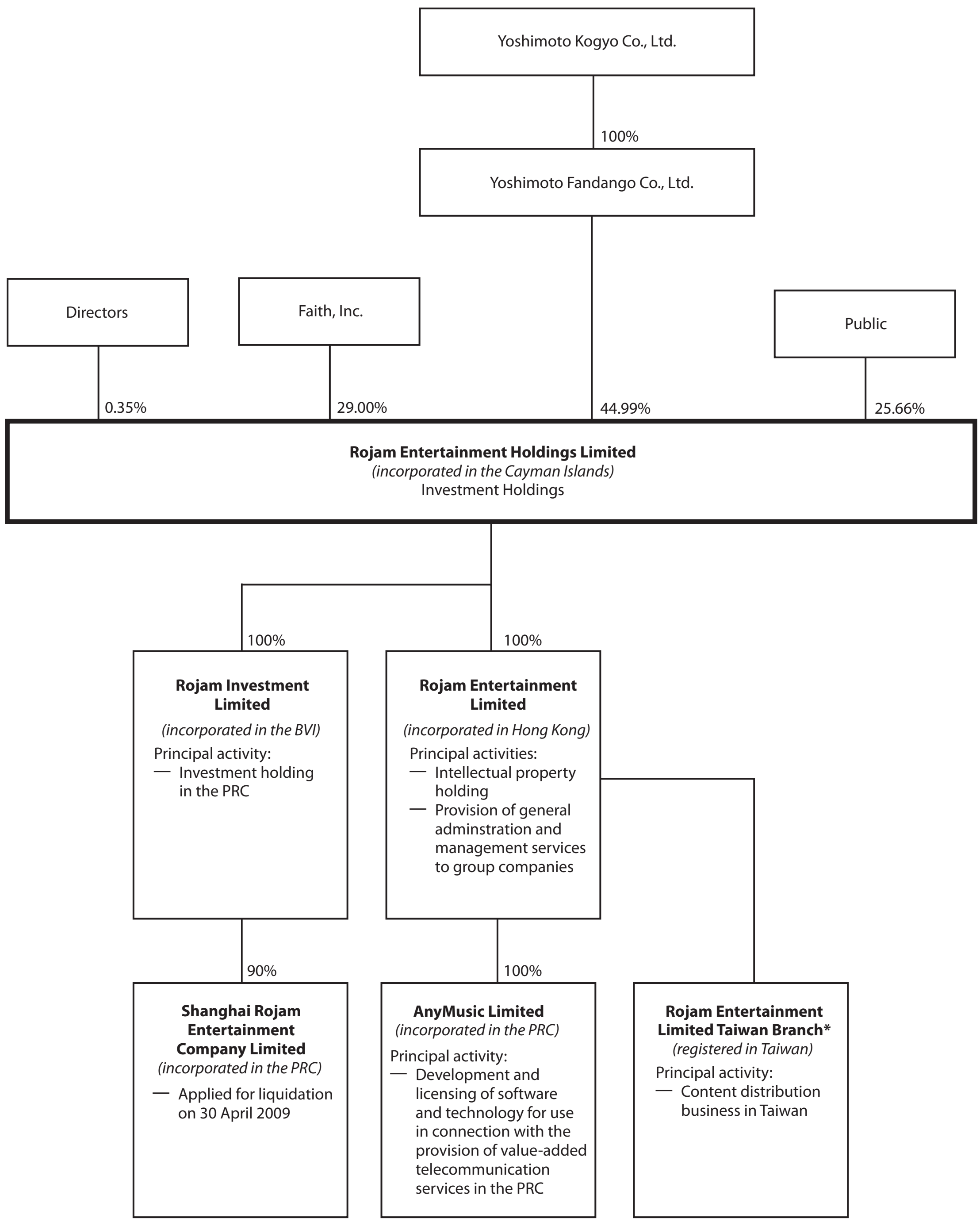
AUDITOR

RSM Nelson Wheeler
Certified Public Accountants
29th Floor
Caroline Centre, Lee Gardens Two
28 Yun Ping Road
Hong Kong

Corporate Chart

Rojam Entertainment Holdings Limited (the "Company") was incorporated in the Cayman Islands on 29 February 2000 as an exempted company with limited liability under the Companies Law (Revised) of the Cayman Islands. The Company's shares were listed on GEM on 31 May 2001.

The following is a corporate chart of the Company and its subsidiaries (collectively known as the "Group") up to the date of this report.



* *For identification purpose only*

Financial Summary

	2009	2008	2007	2006	2005
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Results for the year ended 31 March					
(continuing operations and discontinued operations)					
Turnover	**2,714**	6,677	524,582	505,417	535,716
(Loss)/Profit before income tax	**(48,977)**	(62,795)	42,601	73,992	70,815
(Loss)/ Profit attributable to equity holders of the Company and minority interest	**(47,822)**	(63,205)	(68,249)	40,166	58,990
Assets and liabilities					
Total assets	**38,292**	93,056	380,547	469,876	460,454
Total liabilities	**(5,323)**	(13,378)	(13,733)	(169,441)	(171,619)
Net assets	**32,969**	79,678	366,814	300,435	288,835

Chairman's Statement

FINANCIAL RESULTS

The Group's turnover was significantly reduced as a result of the cessation of its discothèque business during the financial year. Turnover was approximately HK$2.7 million in the financial year of 2008/2009, a 59.7% decline from approximately HK$6.7 million in the previous financial year. Loss before income tax for the financial year amounted to approximately HK$49 million, representing a decrease of 22.4% from approximately HK$62.8 million of the last financial year. Loss attributable to equity holders was approximately HK$47.8 million, compared to a loss of approximately HK$63.2 million for the previous financial year. Basic loss per share was approximately 2.5 HK cents, compared to basic loss per share of approximately 3.3 HK cents of the last financial year.

BUSINESS REVIEW

During the year under review, the Group has undergone corporate restructuring including, the closure of the loss making discotheque operation in China and the application for the dissolution of Shanghai Rojam Entertainment Company Limited ("Shanghai Rojam"), an indirect subsidiary of the Company, so as to free up Company's resources and management time to focus on exploring other business opportunities in digital distribution business in Asia.

Closure of Rojam Club in Suzhou

The Rojam Club (the "Club") in Suzhou was soft-opened in April 2007. Since then, the Club faced intense competition and did not contribute any significant revenue to the Group. One month after its launch, the management reviewed the market position of the Club and took steps, including modifying the fittings and employing additional promotion and marketing initiatives, to increase the revenue. The Club was re-opened in early August 2007 finally. However, the revenue generated by the Club did not significantly increase. The turnover generated from the Club was approximately HK$496,000 for the year ended 31 March 2008, representing only 7.42% of the turnover of the Group for the last fiscal year. The Directors anticipated that market competition in Suzhou would continue to have a negative impact on the operations of the Club in the future, and hence considered that it was in the best interests of the Company and its shareholders to cease the operations of the Club and terminate the lease agreement with effect from 28 July 2008.

Dissolution of Shanghai Rojam

Shanghai Rojam does not have any business after the closure of Rojam Disco in Shanghai and Rojam Club in Suzhou in December 2007 and July 2008 respectively. Thus, on 27 April 2009, Rojam Investment Limited, a wholly-owned subsidiary of the Company, and Shanghai Huanyu Import and Export Company Limited ("Shanghai Huanyu"), being the PRC partner which holds 10% equity interests in Shanghai Rojam, entered into an agreement in relation to the early termination of the cooperative joint venture contract and articles of association, and to dissolve Shanghai Rojam. On 30 April 2009, Shanghai Rojam submitted the liquidation application documents to State Administration For Industry and Commerce of the People's Republic of China ("the PRC").

OUTLOOK

Looking forward, the Group will speed up its business transformation and actively pursue business opportunities that will allow it to expand its entertainment and digital distribution business in Asia.

The Ministry of Industry and Information Technology of the PRC issued the long-awaited third-generation mobile phone licenses to three mobile operators in January 2009, marking China's formal entry into the 3G era. It is generally expected that the demand for mobile music and entertainment will grow substantially following the issuance of 3G licenses. But simultaneously the mobile entertainment market will getting increasingly competitive with more industry players entering this market. This will be a great challenge to the management. The Group will actively pursue new business potential arising from the upcoming 3G market in China through its wholly-owned subsidiary, AnyMusic Limited ("AnyMusic"). The Group will also further strengthen its digital content business by sourcing more domestic and international content that are well suited to the Chinese customers' demands, so as to capture more business opportunities as they quickly emerge in the PRC market.

Lastly, on behalf of the board of Directors, I wish to take this opportunity to extend my sincere gratitude to our customers, shareholders and business partners for their continuous and valuable support. I would also like to express my heartfelt appreciations to all our dedicated management team and committed staff for their hard work and efforts over the year.

Hidenori Nakai
Chairman

Hong Kong, 16 June 2009

FINANCIAL REVIEW

	Fourth Quarter (Jan to Mar 2009) HK$'000	Third Quarter (Oct to Dec 2008) HK$'000 (restated)	Second Quarter (Jul to Sep 2008) HK$'000 (restated)	First Quarter (Apr to Jun 2008) HK$'000 (restated)	Total HK$'000
Turnover	506	503	772	933	2,714
Cost of sales	(343)	(448)	(673)	(1,224)	(2,688)
Gross profit/(loss)	163	55	99	(291)	26
Operating expenditures*	(36,179)	(3,227)	(6,246)	(4,280)	(49,932)
Other revenue	343	275	115	196	929
Loss before income tax	(35,673)	(2,897)	(6,032)	(4,375)	(48,977)
Income tax credit/(expenses)	1,167	(4)	(8)	–	1,155
Loss attributable to the equity holders	(34,506)	(2,901)	(6,040)	(4,375)	(47,822)

* *Selling & distribution expenses, other operating expenses and other loss, net*

Sales by Business Segments

	Fourth Quarter (Jan to Mar 2009)		Third Quarter (Oct to Dec 2008)		Second Quarter (Jul to Sept 2008)		First Quarter (Apr to Jun 2008)		Total	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%*
Continuing Operations										
License Income	506	100	503	100	772	100	925	99.2	2,706	99.7
Discontinued Operations										
Discotheque	–	–	–	–	–	–	8	0.8	8	0.3
Group Total	506	100.0	503	100.0	772	100.0	933	100.0	2,714	100.0

Overall performance

The Group has recorded turnover of approximately HK$2.7 million, a 59.7% decrease from that of approximately HK$6.7 million in the previous financial year. The Group recorded a loss before income tax of approximately HK$49 million for the year ended 31 March 2009 compared to a loss before income tax of approximately HK$62.8 million for the year ended 31 March 2008. Loss attributable to equity holders for the year was approximately HK$47.8 million, compared to loss attributable to equity holders of approximately HK$63.2 million in the previous financial year.

FINANCIAL REVIEW *(Continued)*

Segment results

The revenue generated from the licensing of software for the financial year ended 31 March 2009 was approximately HK$2.7 million compared to a revenue of approximately HK$1.7 million of the 5 month period since the business was acquired by the Group in the last financial year. Segment loss amounted to approximately HK$34.5 million which includes impairment on goodwill of approximately HK$18 million, impairment on other intangible assets of approximately HK$3.5 million and allowance for trade and other receivables of approximately HK$8.2 million. Segment loss for the 5 months in the last financial year was restated as approximately HK$2.3 million which includes impairment and amortisation of other intangible assets of approximately HK$2.1 million.

The revenue generated from the discothéque business, which was discontinued in July 2008, was only approximately HK$8,000 compared to a revenue of approximately HK$5 million for the last financial year. Segment loss was amounted to approximately HK$8.3 million compared to a loss for the last financial year of approximately HK$54.9 million which includes impairment on goodwill of approximately HK$23.5 million.

Cost of sales and operating expenses

Cost of sales decreased by 86% to approximately HK$2.7 million for the year ended 31 March 2009 from approximately HK$18.9 million for the previous financial year. The operating expenses decreased by 12% to approximately HK$49.9 million from approximately HK$56.5 million. The decrease in cost of sales and the operating expenses is as a result of the cessation of the loss-making discothèque business.

Income tax credit

The income tax credit was amounted to approximately HK$1.2 million for the year ended 31 March 2009, compared to a income tax expense of approximately HK$0.4 million for the previous financial year. The income tax credit is due to the reversal of deferred tax liabilities in AnyMusic.

LIQUIDITY AND FINANCIAL RESOURCES

At 31 March 2009, the Group's shareholders' funds decreased by approximately 59% to approximately HK$32.3 million as compared to HK$79 million as at 31 March 2008. Total assets amounted to approximately HK$38.3 million (2008: HK$93.1 million), of which current assets amounted to approximately HK$28.5 million (2008: HK$58.6 million). At 31 March 2009, the Group had current liabilities and minority interest of approximately HK$4.5 million (2008: HK$11.4 million) and HK$0.7 million (2008: HK$0.7 million) respectively. Net asset value per share was approximately HK$0.02 (2008: HK$0.04). Current ratio was approximately 6.4 (2008: 5.1).

The Group financed its operations with internally generated cash flows. At 31 March 2009, cash and bank balances decreased to approximately HK$22.2 million (2008: HK$44.1 million), which consists of approximately 4% in Hong Kong dollars, 44% in Renminbi and 52% held in US dollars. The Renminbi denominated balances were placed with licensed banks in The PRC and the conversion of these balances into foreign currencies is subject to the rules and regulation of foreign exchange control promulgated by the PRC government. During the year ended 31 March 2009, the Group used approximately HK$22.9 million in its operating activities and generated approximately HK$0.6 million from its investing activities.

At 31 March 2009, the Group has no long-term borrowing, the same as for the past years. The gearing ratio of the Group, calculated as non-current liabilities to shareholders' funds, was 2.7% (2008: 2.5%).

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Group's exposure to foreign currencies is limited to its investment in foreign subsidiaries, which are financed internally. At 31 March 2009, the Group has no outstanding foreign currency hedge contracts (2008: Nil).

CHARGE ON GROUP ASSETS

At 31 March 2009, the Group did not have any charge on its assets (2008: Nil).

CAPITAL STRUCTURE

Details of the movements in share capital of the Company are set out in Note 26 to the consolidated financial statements.

MATERIAL ACQUISITION/ DISPOSAL AND SIGNIFICANT INVESTMENTS

On 18 July 2008, the Company announced the closure of its Rojam Club in Suzhou ("the Closure") with effect from 19 July 2008 as a result of the significant losses recorded by the discotheque in Suzhou in the past financial year and the limited prospects for the continued operation of the discotheque in Suzhou. The Company further announced that its indirect subsidiary Shanghai Rojam entered into an agreement with Suzhou Shengfeng Property Development Co., Ltd., an independent third party, in respect of the termination of the lease for the premises of the Rojam Club in Suzhou ("the Termination") with effect from 28 July 2008. Details of the Closure and the Termination are set out in the announcement of the Company dated 18 July 2008.

On 27 April 2009, Rojam Investment Limited, a wholly-owned subsidiary of the Company, and Shanghai Huanyu, being the PRC partner who holds 10% equity interests in Shanghai Rojam, entered into an agreement in relation to the early termination of the cooperative joint venture contract and articles of association, and to dissolve Shanghai Rojam. On 30 April 2009, Shanghai Rojam submitted the liquidation application documents to State Administration For Industry and Commerce of the PRC.

Save as the above, the Group had no material acquisitions or disposals of subsidiaries during the year ended 31 March 2009.

The Group will continue to consolidate its existing business while exploring new business opportunities that will complement and enhance its existing business. As at 31 March 2009, the Group was considering various investment projects and options but had not made any solid plan for pursuing the same.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities at 31 March 2009 (2008: Nil).

EMPLOYEE INFORMATION

At 31 March 2009, the Group had 33 (2008: 44) full-time employees in Hong Kong, Beijing and Shenzhen. Staff costs, excluding Directors' emoluments, totalled HK$3.1 million (2008: HK$6.2 million). The Group's remuneration policy is basically determined by the performance of individual employees. In general, salary review is conducted annually. Staff benefits, including medical coverage and provident funds, are also provided to employees.

OPERATIONS REVIEW

Licence Income from AnyMusic

AnyMusic is principally engaged in the development and licensing of computer software for use in connection with the provision of value-added telecommunication services in respect of the digital distribution of ringtones, games and media content to mobile phone users in the PRC. AnyMusic has entered into contracts with two telecommunication service providers who possess Value-added Telecommunication Operation Licenses to conduct value-added telecommunication business, such as the distribution of digital content to mobile phone users, in the PRC. These service providers have established cooperative arrangements with leading telecommunications operators in the PRC, such as China Mobile and China Unicom. Pursuant to the contracts between AnyMusic and the telecommunication service providers, AnyMusic licenses its software to the service providers which they use for their digital content distribution businesses. In return, AnyMusic is entitled to a specified percentage of the revenue generated by the telecommunication service providers, which percentage is negotiated between the parties based on existing market conditions when the contracts are renewed.

The Group acquired AnyMusic on 31 October 2007. This newly acquired business provides a new income source for the Group from the fourth quarter of the last fiscal year. Revenue from the license income amounted to approximately HK$2.7 million and segment loss amounted to approximately HK$34.5 million for the year ended 31 March 2009. The segment loss includes impairment of goodwill of approximately HK$18 million and impairments of other intangible assets of approximately 3.5 million and allowance for trade and other receivables of approximately HK$8.2 million as a result of the current market situation and the deterioration of the operating environment. The revenue from the license income accounted for approximately 99.7% of the total turnover of the Group for the year ended 31 March 2009.

Discotheque business

The discotheque business, which was discontinued in July 2008, reported revenue of approximately only HK$8,000 compared to a revenue of approximately HK$5 million for the last financial year. Segment loss was amounted to approximately HK$8.3 million compared to a loss in the last financial year of approximately HK$54.9 million which includes impairment on goodwill of approximately HK$23.5 million. The discotheque income accounted for approximately 0.3% of the total turnover of the Group for the year ended 31 March 2009.

Due to the significant negative impacts to the turnover brought by the fierce market competition, the limited prospects, and the unsatisfactory income of the Rojam Club in Suzhou, the Group therefore determined to terminate the operations of the Rojam Club on 19 July 2008. The Directors anticipate that the closure of the loss-making discotheque in Suzhou will free up Group resources and management time for other potential business. Going forward, the Group will actively pursue business opportunities that will allow it to expand its entertainment and digital distribution of music related businesses in Asia.

Directors and Senior Management Profile

EXECUTIVE DIRECTORS

Mr. Hidenori Nakai, aged 51, was appointed as Chairman of the Group in April 2008. Mr. Nakai is responsible for the Group's overall management, operations and strategic planning. Mr. Nakai has over 25 years of experience in the entertainment industry with Yoshimoto Kogyo Co., Ltd. ("Yoshimoto") since his graduation from Keio University in Japan in 1981. He has substantial experiences in artist management, production of TV and theatre programs, and multi-media information services. Currently, Mr. Nakai is the officer of Yoshimoto Creative Agency Co., Ltd., a wholly-owned subsidiary of Yoshimoto.

Mr. Takeyasu Hashizume, aged 61, was appointed to the Board in February 2003. He has over 30 years of experience in the music and entertainment business. After graduated from Waseda University in 1972, Mr. Hashizume joined Sony Music Entertainment (Japan) Inc. (formerly known as CBS/Sony), where he was responsible for production and marketing, and had engaged in production involving a number of popular singers. In 1996 Mr. Hashizume became the president of Eastwest Japan, Inc. (currently known as Warner Entertainment Japan, Inc.). Mr. Hashizume joined R&C, as its president in May 2001. Currently, Mr. Hashizume is the president of R&C and a director of Yoshimoto.

Mr. Wang Kefei, aged 44, Chief Executive Officer, joined the Group and was appointed to the Board in December 2007. Mr. Wang is responsible for the overall management and development strategy of the Group's digital distribution business. He has over 15 years of experience in working and managing in telecommunications field in and outside the PRC. He worked for the Posts and Telecommunications Science Research Institute Heilongjiang of the former Posts and Telecommunications Ministry of China from 1988 to 1992, and for NTT DoCoMo from 1996 to 2004. Since July 2004, Mr. Wang joined Faith and has been appointed as the chief executive officer of AnyMusic. Mr. Wang holds a Bachelor Degree in Computing and Communications from Beijing University of Posts and Telecommunications, a Master Degree in Computing from Yokohama National University and an MBA from Massachusetts Institute of Technology.

Mr. Etsuro Tojo, aged 37, Chief Operating Officer, is responsible for the Group's original content distribution business. Mr. Tojo joined the Group and was appointed to the Board in July 2007. After graduating from Waseda University, Japan in 1996, Mr. Tojo joined JCB (Japan Credit Bureau) and had been working in the credit industry for 5 years. Since he joined a major cable and satellite television (CS TV) channel in 2002, he has been working in the content business for 5 years. Prior to joining the Group, Mr. Tojo was in charge of the operation of the oversea subsidiaries of Faith.

Ms. Etsuko Hoshiyama, aged 47, has joined the Group since March 2000 and was appointed to the Board in July 2007. She is responsible for finance and business administration of the Group. Ms. Hoshiyama is also the legal representative of Shanghai Rojam Entertainment Company Limited, 90% indirectly held by the Company. She holds a Bachelor Degree of Law from Kwansei Gakuin University, Japan and a Master Degree of Laws in Taxation from University of Denver, the USA. She is a certified public accountant registered with the Hong Kong Institute of Certified Public Accountants and an associate member of the American Institution of Certified Public Accountants. Before joining the Group, Ms. Hoshiyama was a manager of PricewaterhouseCoopers in Hong Kong. She has approximately 18 years of experiences in the area of business administration, business development, and tax and business consulting.

Mr. Hiroshige Tonomura, aged 47, joined the Group and was appointed to the Board in September 2007. After graduated from Chuo University, Japan in 1987, Mr. Tonomura joined Capcom Co., Ltd., and he had been working in the video game industry for 20 years. He has substantial experience in content planning and business planning. In 2005, Mr. Tonomura was appointed as a director of Taito Corporation, a content company in Japan. Since 2006, Mr. Tonomura has been a chief executive officer of Brave, Inc., a subsidiary of Faith.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Seiichi Nakaoda, aged 44, was appointed as an Independent Non-executive Director in February 2001. He is a member of The Institute of Certified Public Accountants in Japan and has over 16 years of experience in finance and accounting practice. Mr. Nakaoda is the managing director of an accounting consultancy firm in Hong Kong.

Mr. Kwong Pui Kei, aged 47, was appointed as an Independent Non-executive Director in September 2004. Mr. Kwong is a fellow member of both the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants and has over 19 years of experience in finance and accounting practice. Mr. Kwong is practicing in his own accountancy firm.

Mr. Chan Hing Keung, Wilson, aged 52, graduated from the University of Western Sydney in 1996 with a master degree in Applied Finance. Mr. Chan has extensive experiences in accounting, financial controlling and logistics management. Mr. Chan held senior positions in a multi-national fast moving consumer goods distributing company which was listed in Hong Kong. Mr. Chan is currently the managing director of a private finance and marketing advisory company.

COMPANY SECRETARY

Ms. Etsuko Hoshiyama, for details, please refer to the paragraph under "Executive Directors" above.

Corporate Governance Report

The board of directors (the "Board") of Rojam Entertainment Holdings Limited (the "Company") is pleased to present this Corporate Governance Report in the annual report for the year ended 31 March 2009.

The Company wishes to highlight the importance of its Board in ensuring high standards of corporate governance in the interests of its shareholders and has devoted considerable effort to identifying and formalising best practices appropriate to the needs of the Company.

The Company applied the principles and complied with all the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 15 of the GEM Listing Rules throughout the year ended 31 March 2009.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had also made specific enquiry of all Directors and the Company was not aware of any non-compliance with the required standard of dealings regarding securities transactions by Directors during the year ended 31 March 2009.

THE BOARD

The Board is responsible for leadership and control of the Company and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. All Directors should take decisions objectively in the interests of the Company.

The Board currently comprises nine members, consisting of six executive Directors and three independent non-executive Directors. Their brief biographical details are described in the annual report.

The Company has received written annual confirmation from each of the independent non-executive Directors of his independence pursuant to the rules 5.09 of the GEM Listing Rules.

The Company considers all independent non-executive Directors to be independent. The Board meets at least four times a year to review the financial and operating performance of the Group.

THE BOARD *(Continued)*

There were nine Board meetings held in the financial year ended 31 March 2009. Individual attendance of each Board member at these meetings is as follows:

Name of Director	**Attended/ Eligible to attend**
Executive Directors	
Hidenori Nakai (appointed on 10 April 2008)	8/8
Wang Kefei	9/9
Takeyasu Hashizume	9/9
Etsuro Tojo	9/9
Etsuko Hoshiyama	9/9
Hiroshige Tonomura	9/9
Tetsuo Mori (resigned on 10 April 2008)	1/1
Independent Non-executive Directors	
Seiichi Nakaoda	4/4
Kwong Pui Kei	4/4
Law Kar Ping (resigned on 1 May 2008)	3/3
Chan Hing Keung, Wilson (appointed on 1 May 2008)	1/1

During the regular meetings of the Board, the Directors discuss and formulate the overall strategies of the Group, review and monitor the business and financial performances and discuss the quarterly, half-yearly and annual results, as well as discuss and decide on other significant matters.

The management is responsible for the day-to-day operations of the Group. For significant matters that are specifically delegated by the Board, the management must report back to and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Group.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Chairman of the Board and the Chief Executive Officer are held by separate individuals to ensure their respective independence and accountability. Mr. Hidenori Nakai was appointed as the Chairman of the Board on 10 April 2008 following Mr. Takeyasu Hashizume's resignation from the Chairman. Mr. Wang Kefei is the Chief Executive Officer since 13 December 2007. The Chairman is responsible for the overall management and strategic planning of the Group while the Chief Executive Officer is responsible for the management of the daily operations of the Group and execution of the Board decisions.

AUDIT COMMITTEE

The Company established an audit committee on 21 May 2001 with written terms of reference in compliance with the GEM Listing Rules. The audit committee has three members comprising the three independent non-executive Directors of the Company, namely Mr. Seiichi Nakaoda, Mr. Kwong Pui Kei and Mr. Chan Hing Keung, Wilson. The primary duties of the audit committee are to review the Company's annual report and accounts, half-yearly report and quarterly reports and to provide advices and comments thereon to the Board. The audit committee meets at least four times a year with management to review the accounting principles and practices adopted by the Group and to discuss auditing, internal control and financial reporting matters. The audit committee met four times during the year ended 31 March 2009. Individual attendance of each committee member at these meetings is as follows:

Name of Director	Attended/ Eligible to attend
Independent Non-executive Directors	
Seiichi Nakaoda	4/4
Kwong Pui Kei	4/4
Chan Hing Keung, Wilson	4/4

The audit committee reviewed the Group's audited results for the year ended 31 March 2009 with the Company's management and recommended its adoption by the Board.

REMUNERATION COMMITTEE

The Company established a remuneration committee on 23 October 2006 with written terms of reference which deal clearly with its authority and duties, in accordance with the requirement of the Code contained in Appendix 15 of the GEM Listing Rules. The remuneration committee has three members comprising the three independent non-executive Directors of the Company, namely Mr. Seiichi Nakaoda, Mr. Kwong Pui Kei and Mr. Chan Hing Keung, Wilson. The principal responsibilities of the remuneration committee include formulating, reviewing and considering the remuneration policy and proposal prepared by the management of the Company and/or the remuneration arrangement implemented by the Company.

NOMINATION OF DIRECTORS

The Board is responsible for considering the suitability of an individual to act as a Director, and approving and terminating the appointment of a Director. The company has not established a nomination committee. The Company currently does not have any plans to set up the nomination committee considering small size of the Board.

The Chairman is responsible for identifying suitable candidates for members of the Board when there is a vacancy or an additional Director is considered necessary. The Chairman proposes the appointment of such candidates to each Board member for consideration. Each Board member reviews the qualifications of the relevant candidates for determining the suitability to the Group on the basis of his or her qualifications, experiences and background.

According to the articles of association of the Company, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not greater than one-third) shall retire from office by rotation, but the chairman of the Board and/or the managing Director shall not, whilst holding such office, be subject to retirement by rotation or be taken into account in determining the number of Directors to retire in each year. As such, with the exception of the chairman, all Directors are subject to retirement by rotation. The management considers that there is no imminent need to amend the articles of association of the Company.

COMMUNICATION WITH SHAREHOLDERS

The Company has disclosed all necessary information to the shareholders in accordance with the GEM Listing Rules and reported the Company's performance through various communication tools. These include annual and extraordinary general meetings, quarterly and annual reports, various notices, announcements and circulars.

DIRECTORS' AND AUDITORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for the preparation of the financial statements of the Group. In preparing the financial statements, the generally accepted accounting standards in Hong Kong have been adopted, appropriate accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made.

The Board is not aware of any material uncertainties relating to events or conditions which may cast significant doubt over the Group's ability to continue as a going concern. Accordingly, the Board has continued to adopt the going concern basis in preparing the financial statements. The auditors' responsibilities are set out in the Auditors' Report.

INTERNAL CONTROL

The Board has overall responsibility for the establishment, maintenance and review of the Group's system of internal control. The Board has conducted a review of, and is satisfied with the effectiveness of the system of internal control of the Group.

EXTERNAL AUDITORS

RSM Nelson Wheeler ("RSM") were first appointed as the auditors of the Group following the resignation of PricewaterhouseCoopers ("PwC") on 18 April 2008 and the appointment was approved at the extraordinary general meeting held on 15 May 2008. RSM were re-appointed as the auditors of the Group at the annual general meeting held on 29 September 2008. The remuneration in respect of services provided by PwC and RSM for the Group for the year ended 31 March 2009 and 2008 is analysed as follows:

	2009	2008
	HK$'000	*HK$'000*
Auditors' remuneration		
– PricewaterhouseCoopers	**–**	2,065
– RSM Nelson Wheeler	**600**	600
	600	2,665

CONCLUSION

The Board believes that good corporate governance can safeguard the effective allocation of resources and protect shareholders' interest. The management will try to maintain, strengthen and improve the standard and quality of the Group's corporate governance.

Report of the Directors

The Directors submit their report together with the audited consolidated financial statements for the year ended 31 March 2009.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATION

The principal activity of the Company is investment holding. The activities of the subsidiaries are set out in Note 19 to the consolidated financial statements.

An analysis of the Group's performance for the year by business segments is set out in Note 8 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated income statement on page 26.

The Board do not recommend the payment of a dividend for the year ended 31 March 2009 (2008: Nil).

RESERVES

Movements in the reserves of the Group and of the Company during the year are set out in Note 27 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in Note 16 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in Note 26 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

At 31 March 2009, the Company had no distributable reserves (2008: Nil) represented by share premium and accumulated losses of the Company. Under the Companies Law (Revised) of the Cayman Islands, share premium of the Company is distributable to the members of the Company, subject to solvency tests.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 5.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the year ended 31 March 2009.

DIRECTORS

The Directors during the year and up to the date of this report were:

Executive Directors

Mr, Hidenori Nakai (Chairman)	(appointed on 10 April 2008)
Mr. Wang Kefei (Chief Executive Officer)	
Mr. Etsuro Tojo (Chief Operating Officer)	
Mr. Takeyasu Hashizume	
Ms. Etsuko Hoshiyama	
Mr. Hiroshige Tonomura	
Mr. Tetsuo Mori	(resigned on 10 April 2008)

Independent non-executive Directors

Mr. Seiichi Nakaoda	
Mr. Kwong Pui Kei	
Mr. Chan Hing Keung Wilson	(appointed on 1 May 2008)
Mr. Law Kar Ping	(resigned on 1 May 2008)

In accordance with Articles 87(1) and 87(2) of the Company's articles of association, Messrs. Takeyasu Hashizume, Etsuro Tojo and Etsuko Hoshiyama shall retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company.

DIRECTORS' SERVICE CONTRACTS

Each of the executive and independent non-executive Directors has entered into a service agreement with the Company.

Each of the service agreements with Mr. Takeyasu Hashizume, Mr. Seiichi Nakaoda, Mr. Kwong Pui Kei and Mr. Chan Hing Keung, Wilson is of an initial duration of two years. In the case of Mr. Takeyasu Hashizume, his service agreement commenced on 27 February 2003; in the case of Mr. Seiichi Nakaoda, his service agreement commenced on 6 February 2001; in the cases of Mr. Kwong Pui Kei, his service agreement commenced on 14 September 2004, in case of Mr. Chan Hing Keung, Wilson, his service agreement commenced on 1 May 2008. Each of the service agreements with Mr. Hidenori Nakai, Mr. Wang Kefei, Mr. Etsuro Tojo, Ms. Etsuko Hoshiyama and Mr. Hiroshige Tonomura is of an initial duration of three years. In the case of Mr. Hidenori Nakai, his service agreement commenced on 10 April 2008; in the case of Mr. Wang Kefei, his service agreement commenced on 13 December 2007; in the case of Mr. Etsuro Tojo and Ms. Etsuko Hoshiyama, their service agreements commenced on 25 July 2007; in the case of Mr. Hiroshige Tonomura, his service agreement commenced on 20 September 2007. It is provided in each of these service agreements that their terms of service shall continue until terminated by either party giving to the other not less than three months' prior written notice, such notice to expire upon or after the initial term of two or three years. Up to the date of this report, the terms of service agreements for those Directors whose initial terms have lapsed, remain in force.

Save as disclosed, none of the Directors has entered into any service agreements with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS

Details of the material related party transactions is set out in Note 30 to the consolidated financial statements. The information required to be disclosed in respect of the connected transaction, in accordance with Chapter 20 of the GEM Listing Rules, is set out below.

Continuing connected transactions exempt from the reporting, announcement and independent shareholder's approval requirements

Discotheque management fee arrangement
Pursuant to the cooperative joint venture agreements dated 18 September 2002 and 1 August 2004 entered into between Rojam Investment Limited and Shanghai Huanyu (together, the "JV Agreements"), Shanghai Huanyu will help Shanghai Rojam obtain all licenses required for the operation of discotheque in Shanghai and provide other management services to Shanghai Rojam, including, among other things, the recruitment of management staff, technicians and other staff, the leasing of proper ties in the PRC, application for tax benefits in the PRC and purchase of all necessary equipments and facilities. Shanghai Huanyu is a connected person by virtue of its holding of 10% equity interest in Shanghai Rojam. The term of the JV Agreements will expire on 22 November 2023. On 27 April 2009, Rojam Investment Limited and Shanghai Huanyu entered into an agreement in relation to the early termination of the JV Agreement and articles of association, and to dissolve Shanghai Rojam. On 30 April 2009, Shanghai Rojam submitted the liquidation application documents to State Administration For Industry and Commerce of the PRC.

Save as aforesaid and disclosed in the section headed "Directors' service contracts" in this report, no other contracts of significance in relation to the Group's business to which the Company, its parent companies, any of its fellow subsidiaries or its subsidiaries was a party and in which a Director or the controlling shareholder of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

At 31 March 2009, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Long position in ordinary shares of the Company

Name of Director	Capacity in which the shares are held	Number of shares	Approximate percentage of the Company's total issued share capital
Mr. Takeyasu Hashizume	Beneficial owner	6,658,000	0.35%

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES *(Continued)*

Save as disclosed above, as at 31 March 2009, none of the Directors, chief executives of the Company or their respective associates (as defined in the GEM Listing Rules) had or was deemed to have any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

Save as disclosed above, at no time during the year ended 31 March 2009 was the Company, its parent companies or any of its fellow subsidiaries or subsidiaries a party to any arrangement to enable the Directors and chief executives of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or its associated corporation.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SECURITIES

So far as is known to any Director or chief executive of the Company, as at 31 March 2009, shareholders of the Company (other than Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group, or any options in respect of such capital, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long position in ordinary shares of the Company

Name of shareholder	Nature of interest	Number of Shares	Approximate percentage of the Company's total issued share capital
Yoshimoto Fandango Co., Ltd. ("Fandango")	Beneficial owner	866,522,167	44.99%
Yoshimoto Kogyo Co., Ltd. ("Yoshimoto")	Interest of a controlled corporation	866,522,167 *(Note)*	44.99%
Faith, Inc. ("Faith")	Beneficial owner	558,574,000	29.00%

Note: Fandango is a wholly owned subsidiary of Yoshimoto. Accordingly, Yoshimoto was interested in 866,522,167 shares in the Company by attribution.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SECURITIES *(Continued)*

Save as disclosed above, at 31 March 2009, the Company had not been notified by any persons (other than the Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group, or any options in respect of such capital, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of purchases and sales for the year attributable to the Group's major suppliers and customers are as follows:

Purchases	
– the largest supplier	98%
– five largest suppliers combined	100%
Sales	
– the largest customer	91%
– five largest customers combined	100%

None of the Directors, their associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had an interest in the major suppliers or customers noted above.

BOARD PRACTICES AND PROCEDURES

The Company has complied with Rules 5.34 to 5.45 of the GEM Listing Rules concerning board practices and procedures throughout the year.

DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the Directors or the management shareholders of the Company (as defined in the GEM Listing Rules) have any interests in a business, which competes or may compete with the business of the Group or had any conflict of interests with the Group.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Articles of Association, or the laws of the Cayman Islands, which would obligate the Company to offer new shares on a pro-rata basis to existing shareholders.

PENSION SCHEME ARRANGEMENTS

The subsidiaries operating in Hong Kong are required to participate in a defined contribution retirement scheme of the Group or Company set up in accordance with the Hong Kong Mandatory Provident Fund Ordinance. Under the scheme, the employees are required to contribute 5% of their monthly salaries up to a maximum of HK$1,000 and they can choose to make additional contributions. The employer's monthly contributions are calculated at 5% of the employee's monthly salaries up to a maximum of HK$1,000 (the "mandatory contributions"). The employees are entitled to 100% of the employer's mandatory contributions upon their retirement at the age of 65 years old, death or total incapacity.

The subsidiary in the PRC is required to participate in defined contribution retirement scheme organised by the relevant local government authorities since incorporation. It is required to make contributions to the retirement scheme at a rate of around 7% to 22% of the basic salary of their employees.

AUDITOR

RSM were first appointed as the auditors of the Group following the resignation of PwC on 18 April 2008 and the appointment was approved at the extraordinary general meeting held on 15 May 2008. RSM were re-appointed as the auditors of the Group at the annual general meeting held on 29 September 2008.

The financial statements have been audited by RSM who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Hidenori Nakai
Chairman

Hong Kong, 16 June 2009

RSM! Nelson Wheeler
中瑞岳華(香港)會計師事務所
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ROJAM ENTERTAINMENT HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Rojam Entertainment Holdings Limited (the "Company") set out on pages 26 to 66, which comprise the consolidated and Company balance sheets as at 31 March 2009, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2009 and of the Group's results and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

RSM Nelson Wheeler
Certified Public Accountants
Hong Kong
16 June 2009

Consolidated Income Statement

For the year ended 31 March 2009

	Note	2009 HK$'000	2008 HK$'000 (restated)
Continuing operations			
Turnover	6	**2,706**	1,667
Cost of sales and service rendered		**(1,365)**	(407)
Gross profit		**1,341**	1,260
Other income	7	**929**	5,769
Selling expenses		**(282)**	(226)
Administrative expenses		**(9,328)**	(12,564)
Other operating expenses		**(33,367)**	(2,147)
Loss before tax		**(40,707)**	(7,908)
Income tax credit	9	**1,155**	154
Loss for the year from continuing operations	11	**(39,552)**	(7,754)
Discontinued operations			
Loss for the year from discontinued operations	10(b)	**(8,270)**	(55,451)
Loss for the year		**(47,822)**	(63,205)
Attributable to:			
Equity holders of the Company	13	**(47,822)**	(63,205)
Basic loss per share			
Loss from continuing and discontinued operations	15	**2.5 cents**	3.3 cents
Loss from continuing operations	15	**2.1 cents**	0.4 cents

Consolidated Balance Sheet

At 31 March 2009

	Note	2009 HK$'000	2008 HK$'000
Non-current assets			
Property, plant and equipment	16	**235**	500
Goodwill	17	**–**	17,571
Other intangible assets	18	**9,531**	16,359
		9,766	34,430
Current assets			
Inventories	20	**–**	17
Trade receivables	22	**253**	5,308
Prepayments, deposits and other receivables		**6,079**	9,154
Bank and cash balances	23	**22,194**	44,147
		28,526	58,626
Current liabilities			
Trade payables	24	**7**	231
Accruals and other payables		**4,459**	11,178
		4,466	11,409
Net current assets		**24,060**	47,217
Total assets less current liabilities		**33,826**	81,647

At 31 March 2009

	Note	2009 HK$'000	2008 HK$'000
Non-current liabilities			
Deferred tax liabilities	25	**857**	1,969
		857	1,969
NET ASSETS		**32,969**	79,678
Capital and reserves			
Share capital	26	**192,611**	192,611
Reserves	27	**(160,317)**	(113,608)
Equity attributable to equity holders of the Company		**32,294**	79,003
Minority interests		**675**	675
TOTAL EQUITY		**32,969**	79,678

Approved by the Board of Directors on 16 June 2009

Hidenori Nakai
Director

Wang Kefei
Director

Balance Sheet

At 31 March 2009

	Note	2009 HK$'000	2008 HK$'000
Non-current assets			
Investments in subsidiaries	19	–	29,707
Current assets			
Prepayments, deposits and other receivables		**245**	132
Due from subsidiaries	21	**23,241**	29,758
Bank and cash balances		**12,322**	28,086
		35,808	57,976
Current liabilities			
Accruals and other payables		**424**	548
Net current assets		**35,384**	57,428
NET ASSETS		**35,384**	87,135
Capital and reserves			
Share capital	26	**192,611**	192,611
Reserves	27	**(157,227)**	(105,476)
TOTAL EQUITY		**35,384**	87,135

Approved by the Board of Directors on 16 June 2009

Hidenori Nakai
Director

Wang Kefei
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2009

	Attributable to equity holders of the Company						
	Share capital *HK$'000*	**Share premium account** *HK$'000*	**Exchange reserve** *HK$'000*	**Accumulated losses** *HK$'000*	**Total** *HK$'000*	**Minority interests** *HK$'000*	**Total equity** *HK$'000*
At 1 April 2007	192,611	227,283	319	(54,074)	366,139	675	366,814
Exchange adjustment on translation of financial statements of overseas subsidiaries	–	–	3,350	–	3,350	–	3,350
Net income recognised directly in equity	–	–	3,350	–	3,350	–	3,350
Loss for the year	–	–	–	(63,205)	(63,205)	–	(63,205)
Total recognised income and expense for the year	–	–	3,350	(63,205)	(59,855)	–	(59,855)
2007 special dividend paid	–	(227,281)	–	–	(227,281)	–	(227,281)
At 31 March 2008 and 1 April 2008	192,611	2	3,669	(117,279)	79,003	675	79,678
Exchange adjustment on translation of financial statements of overseas subsidiaries	–	–	1,113	–	1,113	–	1,113
Net income recognised directly in equity	–	–	1,113	–	1,113	–	1,113
Loss for the year	–	–	–	(47,822)	(47,822)	–	(47,822)
Total recognised income and expense for the year	–	–	1,113	(47,822)	(46,709)	–	(46,709)
At 31 March 2009	192,611	2	4,782	(165,101)	32,294	675	32,969

Consolidated Cash Flow Statement

For the year ended 31 March 2009

	Note	2009 HK$'000	2008 HK$'000 (restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax			
– Continuing operations		**(40,707)**	(7,908)
– Discontinued operations		**(8,270)**	(54,887)
		(48,977)	(62,795)
Adjustments for:			
Amortisation of intangible assets		**3,696**	1,428
Depreciation		**251**	2,120
Loss on disposals of property, plant and equipment		**23**	3,628
Allowance for inventories		**9**	103
Allowance for receivables		**8,235**	–
Impairment on goodwill		**17,953**	23,519
Impairment on other intangible assets		**3,483**	710
Impairment on property, plant and equipment		**–**	7,181
Interest income		**(635)**	(4,976)
Gain from trading of financial assets		**–**	(419)
Operating loss before working capital changes		**(15,962)**	(29,501)
Decrease in inventories		**8**	6
Decrease in trade receivables, prepayments, deposits and other receivables		**193**	1,450
Decrease in trade payables, accruals and other payables		**(7,151)**	(4,216)
Cash used in operations		**(22,912)**	(32,261)
Income taxes refunded		**–**	11
Net cash used in operating activities		**(22,912)**	(32,250)
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in restricted bank deposits		**–**	(555)
Acquisition of a subsidiary	*28*	**–**	(45,753)
Interest received		**635**	4,976
Purchases of property, plant and equipment		**–**	(4,162)
Proceeds from disposals of property, plant and equipment		**–**	81
Proceeds from trading of financial assets		**–**	564
Net cash generated from/(used in) investing activities		**635**	(44,849)

For the year ended 31 March 2009

	Note	2009 HK$'000	2008 HK$'000 (restated)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to equity holders of the Company		**–**	(115,090)
Net cash used in financing activities		**–**	(115,090)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(22,277)**	(192,189)
Effect of foreign exchange rate changes		**312**	887
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**43,592**	234,894
CASH AND CASH EQUIVALENTS AT END OF YEAR		**21,627**	43,592
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Bank and cash balances		**22,194**	44,147
Restricted bank deposits		**(567)**	(555)
		21,627	43,592

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P. O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The address of its principal place of business is Unit 501, Lucky Building, 39 Wellington Street, Central, Hong Kong. The Company's shares are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The Group is principally engaged in the development and licensing of software and technology for use in connection with the provision of value-added telecommunication services in the People's Republic of China (the "PRC") and content distribution business. The business of discotheque management ceased on 28 July 2008.

In the opinion of the directors of the Company, as at 31 March 2009, the Group has no holding company or ultimate controlling party.

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

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting year beginning on 1 April 2008. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group's accounting policies and amounts reported for the current year and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

3. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with HKFRSs, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (the "GEM Listing Rules") and by the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise its judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these financial statements, are disclosed in note 4 to the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

The significant accounting policies applied in the preparation of these financial statements are set out below.

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March. Subsidiaries are entities over which the Group has control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has control.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary represents the difference between the proceeds of the sale and the Group's share of its net assets together with any goodwill relating to the subsidiary which was not previously charged or recognised in the consolidated income statement and also any related accumulated exchange reserve.

Inter-company transactions, balances and unrealised profits on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Minority interests represent the interests of minority shareholders in the operating results and net assets of subsidiaries. Minority interests are presented in the consolidated balance sheet and consolidated statement of changes in equity within equity. Minority interests are presented in the consolidated income statement as an allocation of profit or loss for the year between minority and shareholders of the Company. Losses applicable to the minority in excess of the minority's interests in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses. If the subsidiary subsequently reports profits, such profits are allocated to the interests of the Group until the minority's share of losses previously absorbed by the Group has been recovered.

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the consolidated income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

In the Company's balance sheet the investments in subsidiaries are stated at cost less allowance for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

(b) Business combination

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets, liabilities and contingent liabilities of the subsidiary in an acquisition are measured at their fair values at the acquisition date.

The excess of the cost of acquisition over the Group's share of the net fair value of the subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised in the consolidated income statement.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Business combination *(Continued)*

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses of goodwill are recognised in the consolidated income statement and are not subsequently reversed. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

The interests of minority shareholders in the subsidiary is initially measured at the minority's proportion of the net fair value of the subsidiary's identifiable assets, liabilities and contingent liabilities at the acquisition date.

(c) Foreign currency transactions

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the rates ruling on the balance sheet date. Profits and losses resulting from this translation policy are included in the income statement.

(iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

– Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

– Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

– All resulting exchange differences are recognised in the exchange reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the exchange reserve. When a foreign operation is sold, such exchange differences are recognised in the consolidated income statement as part of the profit or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are expensed in the income statement during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Leasehold improvements	20% – 50%
Office equipment, furniture and fixtures	20% – 25%
Computer equipment	30%
Discotheque equipment	20% – 33%

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at each balance sheet date.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the income statement.

(e) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease payments are expensed in the income statement on a straight-line basis over the lease term.

(f) Intangible assets

(i) Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 10 years.

(ii) Club debentures

Club debentures are shown at historical cost and have a finite useful life. Club debentures are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost to their residual values over their estimated useful lives of 35 years.

(iii) Customer contract

Customer contract represents the software licence contracts with telecommunication service providers who possess Value-Added Telecommunication Operation Licenses to provide value-added telecommunication services and have established cooperative arrangements with leading communications operators in the PRC. The amount is measured initially at purchase cost and is amortised using the straight-line method over the estimated life of the software licensed of 5 years.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(g) Discontinued operations

A discontinued operation is a component of the Group, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale in accordance with HKFRS 5, if earlier. It also occurs when the operation is abandoned.

When an operation is classified as discontinued, a single amount is presented on the face of the income statement, which comprises:

- The post-tax profit or loss of the discontinued operation; and

- The post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group constituting the discontinued operation.

(h) Inventories

Inventories represent merchandise and are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method. The cost of finished goods comprises purchase cost. Net realisable value is the estimated selling prince in the ordinary course of business, less applicable variable selling expenses.

(i) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the balance sheet when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in the income statement.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in the income statement.

(j) Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the receivables' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in the income statement.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(j) Trade and other receivables *(Continued)*

Impairment losses are reversed in subsequent periods and recognised in the income statement when an increase in the receivables' recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the receivables at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

(k) Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

(l) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(m) Trade and other payables

Trade and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(n) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(o) Revenue recognition

(i) Licensing income generated from the licensing of content and technology for use in connection with the provision of value-added telecommunication services is recognised on an accruals basis in accordance with the substance of the relevant agreements.

(ii) Revenue from operation of discotheque, including sales of food and beverages, is recognised when the service is rendered.

(iii) Interest income is recognised on a time-proportion basis using the effective interest method.

(p) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(p) Employee benefits *(Continued)*

(ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to the income statement represents contributions payable by the Group to the funds.

(iii) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(q) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(r) Related parties

A party is related to the Group if:

(i) directly or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the Group; has an interest in the Group that gives it significant influence over the Group; or has joint control over the Group;

(ii) the party is an associate;

(iii) the party is a joint venture;

(iv) the party is a member of the key management personnel of the Company or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

(s) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products and services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with the Group's internal financial reporting, the Group has determined that business segments be presented as the primary reporting format and geographical segments as the secondary reporting format.

Segment revenue, expenses, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to the segment. Unallocated costs mainly represent corporate expenses. Segment assets consist primarily of property, plant and equipment, goodwill, other intangible assets, inventories, receivables and operating cash. Segment liabilities comprise operating liabilities and exclude items such as tax liabilities and corporate borrowings.

Segment revenue, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between Group enterprises within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(t) Impairment of assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets except goodwill, inventories and receivables to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(u) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

(v) Events after the balance sheet date

Events after the balance sheet date that provide additional information about the Group's position at the balance sheet date or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the balance sheet date that are not adjusting events are disclosed in the notes to the financial statements when material.

4. CRITICAL JUDGEMENTS AND KEY ESTIMATES

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) *Useful life of other intangible assets*

The Group determines the estimated useful lives and related amortisation charges for the Group's other intangible assets. This estimate is based on the historical experience of the actual useful lives of other intangible assets of similar nature and functions. The Group will revise the amortisation charge where useful lives are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(b) *Impairment of other intangible assets*

The Group assess at each reporting date whether there is an indication that the other intangible assets may be impaired. If any indication exists, the Group estimates the recoverable amount of the other intangible assets. The Group measures the recoverable amount of the other intangible assets with reference to their value in use. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the other intangible assets and a suitable discount rate in order to calculate the present value. The carrying amount of other intangible assets at the balance sheet date was HK$9,531,000 after an impairment loss of HK$3,483,000 was recognised during the year. Details of the impairment loss calculation are provided in note 18 to financial statement.

(c) *Impairment of goodwill*

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. The carrying amount of goodwill at the balance sheet date was HK$Nil after an impairment loss of HK$17,953,000 was recognised during the year. Details of the impairment loss calculation are provided in note 17 to financial statements.

(d) *Impairment of trade and other receivables*

The Group makes impairment of receivables based on assessments of the recoverability of the trade and other receivables, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of impairment of receivables requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and impairment of receivables in the year in which such estimate has been changed.

5. FINANCIAL RISK MANAGEMENT

Risk management is carried out by the Group's Treasury function. The Group adopts a conservative and balanced treasury policy which focuses on the financial risks factor as below and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign exchange risk

The Group has certain exposure to foreign currency risk as certain Group companies with its functional currency denominated in Hong Kong dollars have business transactions and assets denominated in United States dollars. As Hong Kong dollars is pegged to US dollars, the foreign exchange exposure of these Group companies is therefore limited.

The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

5. FINANCIAL RISK MANAGEMENT *(Continued)*

(b) Credit risk

The maximum exposure of credit risks arises from bank and cash balances, bank deposits and credit exposures to outstanding trade receivables and other receivables.

The credit risk on cash and bank balances is limited because the counter parties are banks with high credit-ratings assigned by international credit-rating agencies.

For outstanding receivables, the Group has significant concentration of credit risk as majority of trade receivables and other receivables are due from two major customers of one of the subsidiary – AnyMusic Limited ("AnyMusic").

Pursuant to the contracts between AnyMusic and the two major customers, AnyMusic licenses its technology to these customers which they use for their digital content distribution businesses. In return, AnyMusic is entitled to a specified percentage of the revenue generated by these customers, which percentage is negotiated between the parties based on existing market conditions when the contracts are renewed annually.

Since there is no independent rating on these two customers, the credit risk is controlled by assessing the credit quality of the customers taking into account their repayment history, past experience and other factors. Due to the current market situation and the deterioration of the operating environment, the Directors anticipate that the recoverability of the trade accounts and other receivables of HK$8,235,000 from one of the customers is uncertain, as a result the directors determined to make an impairment on the trade accounts and other receivables.

(c) Interest rate risk

The Group's exposure to interest-rate risk arises from its bank deposits. Part of the bank deposits bear interests at variable rates varied with the then prevailing market condition and expose the Group to cash flow interest rate risk.

Other bank deposits that bear fixed interest rate are subject to fair value interest rate risk.

The Group's result is not sensitive to changes in interest rate as the effect on the interest income generated from bank deposits are insignificant.

(d) Liquidity risk

The Group adopts a prudent liquidity risk management policy to maintain sufficient cash to fund its operations.

All the Group's financial liabilities mature within one year.

(e) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated balance sheet approximate their respective fair value.

6. TURNOVER

The Group's turnover represents licensing of software income and discotheque income. The business in discotheque management ceased on 28 July 2008. The Group's turnover is as follows:

	2009	2008
	HK$'000	*HK$'000*
		(restated)
Turnover		
Continuing operations		
Licensing of software income	**2,706**	1,667
Discontinued operations *(note 10)*		
Discotheque income	**8**	5,010
	2,714	6,677

7. OTHER INCOME

	2009	2008
	HK$'000	*HK$'000*
Continuing operations		
Interest income	**635**	4,976
Gain from trading of financial assets	**–**	419
Sundry income	**294**	374
	929	5,769

8. SEGMENT INFORMATION

(a) Primary reporting format – business segments

The Group is principally engaged in two main business segments during the years ended 31 March 2009 and 2008.

Licensing of software – development and licensing of software and technology for use in connection with the provision of value added telecommunication services

Discotheque – discotheque management (ceased on 28 July 2008)

(b) Secondary reporting format – geographical segments

All the Group's revenue and assets are derived from customers and operations based in the PRC and accordingly, no further analysis of the Group's geographical segment is disclosed.

8. SEGMENT INFORMATION *(Continued)*

Primary reporting format – business segments

	Continuing operations – Licensing of software HK$'000	Discontinued operations – Discotheque HK$'000	Elimination HK$'000	Total HK$'000
Year ended 31 March 2009				
Turnover				
External sales	2,706	8	–	2,714
Inter-segment sales	–	–	–	–
Total	2,706	8	–	2,714
Segment results*	(34,454)	(8,270)	–	(42,724)
Other income				929
Unallocated corporate expense				(7,182)
Loss before tax				(48,977)
Income tax credit				1,155
Loss for the year				(47,822)
Segment assets	24,166	1,123	–	25,289
Unallocated corporate assets				13,003
Total assets				38,292
Segment liabilities	(292)	(33,587)	30,078	(3,801)
Unallocated corporate liabilities				(1,522)
Total liabilities				(5,323)
Impairment on goodwill recognised in income statement	17,953	–	–	17,953
Impairment on other intangible assets	3,483	–	–	3,483
Amortisation of other intangible assets	3,696	–	–	3,696
Allowance for inventories	–	9	–	9
Allowance for receivables	8,235	–	–	8,235
Depreciation	222	–	–	222
Unallocated corporate depreciation				29
				251

* The segment losses of the licensing of software and discotheque management operation, excluding the impairment on goodwill, impairment and amortisation of the other intangible assets, are HK$9,322,000 and HK$8,270,000 respectively.

8. SEGMENT INFORMATION *(Continued)*

Primary reporting format – business segments *(Continued)*

	Continuing operations – Licensing of software *HK$'000*	Discontinued operations – Discotheque *HK$'000*	Elimination *HK$'000*	Total *HK$'000*
Year ended 31 March 2008 (restated)				
Turnover				
External sales	1,667	5,010	–	6,677
Inter-segment sales	–	–	–	–
Total	1,667	5,010	–	6,677
Segment results*	(2,305)	(54,887)	–	(57,192)
Other income				5,769
Unallocated corporate expense				(11,372)
Loss before tax				(62,795)
Income tax expenses				(410)
Loss for the year				(63,205)
Segment assets	57,207	4,434	–	61,641
Unallocated corporate assets				31,415
Total assets				93,056
Segment liabilities	(538)	(28,608)	18,970	(10,176)
Unallocated corporate liabilities				(3,202)
Total liabilities				(13,378)
Capital expenditure	–	4,162	–	4,162
Impairment on goodwill recognised in income statement	–	23,519	–	23,519
Impairment on other intangible assets	710	–	–	710
Amortisation of other intangible assets	1,428	–	–	1,428
Allowance for inventories	–	103	–	103
Impairment on property, plant and equipment	–	7,181	–	7,181
Depreciation	110	1,988	–	2,098
Unallocated corporate depreciation				22
				2,120

* The segment losses of the licensing of software and discotheque management operation, excluding the impairment on goodwill, impairment and amortisation of the other intangible assets, are HK$167,000 and HK$31,368,000 respectively.

9. INCOME TAX (CREDIT)/EXPENSES

	2009	2008
	HK$'000	*HK$'000*
		(restated)
Current tax – PRC taxation		
Provision for the year	**–**	–
Over-provision in prior years	**–**	(11)
	–	(11)
Deferred tax *(note 25)*	**(1,155)**	421
	(1,155)	410
Representing:		
Continuing operations	**(1,155)**	(154)
Discontinued operations *(note 10)*	**–**	564
	(1,155)	410

(a) No provision for Hong Kong Profits Tax has been made as the Company and its subsidiaries in Hong Kong have no assessable profits for the year (2008: Nil).

(b) **PRC Enterprise Income Tax**

The new PRC enterprise income tax law passed by the Tenth National People's Congress on 16 March 2007 introduces various changes which include the unification of the enterprise income tax rate for domestic and foreign enterprises. On 6 December 2007, the State Council of the PRC issued implementation regulation of the new tax law to change the enterprise income tax rate from 33% to 25%. The new tax law was effective from 1 January 2008.

No provision for PRC Enterprise Income Tax had been made for the year as the subsidiaries in the PRC have no assessable profits for the year (2008: Nil).

9. INCOME TAX (CREDIT)/EXPENSES *(Continued)*

The tax on the Group's loss before income tax differs from the theoretical amount that would arise using the tax rate of Hong Kong as follows:

	2009	2008
	HK$'000	*HK$'000*
Loss before tax	**(48,977)**	(62,795)
Calculated at a taxation rate of 16.5% (2008: 17.5%)	**(8,081)**	(10,989)
Effect of different taxation rates in other countries	**(767)**	(2,283)
Income not subject to taxation	**(87)**	(803)
Expenses not deductible for taxation purposes	**7,890**	13,547
Tax losses not recognised	**768**	949
Tax effect of timing difference previously not recognised	**(878)**	–
Over-provision in prior year	**–**	(11)
Income tax (credit)/expense	**(1,155)**	410

10. DISCONTINUED OPERATIONS

(a) Certain comparative figures have been reclassified to conform to the current year's presentation. The changes included the reclassification of certain profit and loss items from continuing operations to discontinued operations.

(b) The results of the discontinued operations which have been included in the consolidated income statement, are as follows:

	2009	2008
	HK$'000	*HK$'000*
		(restated)
Turnover	**8**	5,010
Cost of sales and service rendered	**(1,323)**	(18,418)
Gross loss	**(1,315)**	(13,408)
Administrative expenses	**(1,997)**	(703)
Other operating expenses	**(4,958)**	(40,776)
Loss before tax	**(8,270)**	(54,887)
Income tax expenses	**–**	(564)
Loss for the year	**(8,270)**	(55,451)

10. DISCONTINUED OPERATIONS *(Continued)*

(c) An analysis of the cash flows from the discontinued operations is as follows:

	2009	2008
	HK$'000	*HK$'000*
		(restated)
Operating cash flows	**(13,961)**	(18,613)
Investing cash flows	**–**	(4,155)
Financing cash flows	**11,108**	18,294
	(2,853)	(4,474)

(d) Expenses by nature for the discontinued operations:

	2009	2008
	HK$'000	*HK$'000*
		(restated)
Cost of inventories sold	**9**	1,334
Depreciation of property, plant and equipment	**–**	1,988
Loss on disposals of property, plant and equipment	**–**	3,628
Operating leases charges on land and buildings	**871**	4,808
Allowance for inventories	**9**	103
Impairment on goodwill	**–**	23,519
Impairment on property, plant and equipment	**–**	7,181
Staff costs excluding directors' emoluments		
Wages an salaries	**1,006**	3,774
Social security costs	**118**	95
Pension costs – defined contribution plans	**–**	–
	1,124	3,869

11. LOSS FOR THE YEAR – CONTINUING OPERATIONS

The Group's loss for the year is stated after charging the following:

	2009 HK$'000	2008 HK$'000 (restated)
Amortisation of other intangible assets (included in other operating expenses)	**3,696**	1,428
Depreciation	**251**	132
Loss on disposals of property, plant and equipment	**23**	–
Operating lease charges on land and buildings	**491**	748
Auditor's remuneration	**600**	632
Impairment on other intangible assets (included in other operating expenses)	**3,483**	710
Allowance for receivables (included in other operating expenses)	**8,235**	–
Impairment on goodwill (included in other operating expenses)	**17,953**	–
Staff costs excluding directors' emoluments		
Wages and salaries	**1,848**	2,255
Social security costs	**102**	65
Pension costs – defined contribution plans	**44**	53
	1,994	2,373

12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

The emoluments of each director were as follows:

	Fees HK$'000	Salaries and allowances HK$'000	Employer's contributions to pension scheme HK$'000	Total HK$'000
Executive Directors				
Takeyasu Hashizume	–	–	–	–
Etsuro Tojo *(note (c))*	–	1,211	–	1,211
Etsuko Hoshiyama *(note (c))*	–	949	12	961
Hiroshige Tonomura *(note (d))*	–	–	–	–
Wang Kefei *(note (e))*	–	1,857	–	1,857
Hidenori Nakai *(note(b))*	–	–	–	–
Tetsuo Mori *(note (h))*	–	–	–	–
	–	4,017	12	4,029
Independent Non-Executive Directors				
Seiichi Nakaoda	60	–	–	60
Kwong Pui Kei	60	–	–	60
Law Kar Ping *(note (g))*	5	–	–	5
Chan Hing Keung, Wilson *(note (a))*	55	–	–	55
	180	–	–	180
Total for 2009	180	4,017	12	4,209

12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Continued)*

	Fees *HK$'000*	Salaries and allowances *HK$'000*	Employer's contributions to pension scheme *HK$'000*	Total *HK$'000*
Executive Directors				
Takeyasu Hashizume	–	–	–	–
Etsuro Tojo *(note (c))*	–	864	–	864
Etsuko Hoshiyama *(note (c))*	–	663	8	671
Hiroshige Tonomura *(note (d))*	–	–	–	–
Wang Kefei *(note (e))*	–	523	–	523
Tetsuo Mori *(note (h))*	–	–	–	–
Cheng Kit Sum, Clara *(note (c), (f))*	–	466	7	473
Osamu Nagashima *(note (i))*	–	–	–	–
Mitsuo Sakauchi *(note (i))*	–	–	–	–
Yukitsugu Shimizu *(note (i))*	–	–	–	–
Hiroshi Osaki *(note (j))*	–	–	–	–
	–	2,516	15	2,531
Independent Non-Executive Directors				
Seiichi Nakaoda	85	–	–	85
Kwong Pui Kei	85	–	–	85
Law Kar Ping *(note (g))*	85	–	–	85
	255	–	–	255
Total for 2008	255	2,516	15	2,786

(a) Appointed on 1 May 2008
(b) Appointed on 10 April 2008
(c) Appointed on 25 July 2007
(d) Appointed on 20 September 2007
(e) Appointed on 13 December 2007
(f) Resigned on 28 January 2008
(g) Resigned on 1 May 2008
(h) Resigned on 10 April 2008
(i) Resigned on 25 July 2007
(j) Resigned on 20 September 2007

There was no arrangement under which a director waived or agreed to waive any emoluments during the year.

12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Continued)*

The five highest paid individuals in the Group during the year included three (2008: four) directors whose emoluments are reflected in the analysis presented above. The emoluments of the remaining two (2008: one) individuals are set out below:

	2009	2008
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	**771**	414
Pension costs – defined contribution plans	**36**	12
	807	426

The emoluments fell within the following bands:

	Number of individuals	
	2009	2008
Nil to HK$1,000,000	**2**	1

During the year, no emoluments were paid by the Group to any of the directors or the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

13. LOSS FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The loss for the year attributable to equity holders of the Company included a loss of approximately HK$51,751,000 (2008: loss of approximately HK$77,842,000) which has been dealt with in the financial statements of the Company.

14. DIVIDENDS

The Board does not recommend the payment of any dividend (2008: HK$Nil) in respect of the year.

15. BASIC LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighed average number of ordinary shares in issue during the year.

	2009	2008 (restated)
Continuing operations		
Loss attributable to equity holders of the Company (HK$'000)	**39,552**	7,754
Weighted average number of ordinary shares in issue (thousands)	**1,926,114**	1,926,114
Basic loss per share (HK cents per share)	**2.1 cents**	0.4 cents
Discontinued operations		
Loss attributable to equity holders of the Company (HK$'000)	**8,270**	55,451
Weighted average number of ordinary shares in issue (thousands)	**1,926,114**	1,926,114
Basic loss per share (HK cents per share)	**0.4 cents**	2.9 cents
Total		
Loss attributable to equity holders of the Company (HK$'000)	**47,822**	63,205
Weighted average number of ordinary shares in issue (thousands)	**1,926,114**	1,926,114
Basic loss per share (HK cents per share)	**2.5 cents**	3.3 cents

No diluted loss per share have been presented as there were no dilutive potential ordinary shares during the years ended 31 March 2009 and 2008.

16. PROPERTY, PLANT AND EQUIPMENT

	Group				
	Leasehold improvement	**Office equipment, furniture and fixtures**	**Computer equipment**	**Discotheque equipment**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cost					
At 1 April 2007	122	170	169	12,444	12,905
Additions	48	–	–	4,114	4,162
Acquisition of subsidiaries *(note 28)*	–	16	518	–	534
Disposals	(122)	–	(21)	(8,781)	(8,924)
Exchange differences	–	1	33	1,248	1,282
At 31 March 2008 and 1 April 2008	48	187	699	9,025	9,959
Additions	–	–	–	–	–
Disposals	–	–	(106)	(9,209)	(9,315)
Exchange differences	–	1	11	184	196
At 31 March 2009	48	188	604	–	840
Accumulated depreciation and impairment					
At 1 April 2007	122	151	157	4,405	4,835
Charge for the year	2	20	110	1,988	2,120
Disposals	(122)	–	(13)	(5,080)	(5,215)
Impairment loss	–	–	–	7,181	7,181
Exchange differences	–	1	6	531	538
At 31 March 2008 and 1 April 2008	2	172	260	9,025	9,459
Charge for the year	24	10	217	–	251
Disposals	–	–	(83)	(9,209)	(9,292)
Exchange differences	–	1	2	184	187
At 31 March 2009	26	183	396	–	605
Carrying amount					
At 31 March 2009	22	5	208	–	235
At 31 March 2008	46	15	439	–	500

17. GOODWILL

	Group
	HK'000
Cost	
At 1 April 2007	23,519
Arising on acquisition of subsidiaries *(note 28)*	16,485
Exchange difference	1,086
At 31 March 2008 and 1 April 2008	41,090
Exchange difference	949
At 31 March 2009	42,039
Accumulated impairment losses	
At 1 April 2007	–
Impairment loss recognised	23,519
At 31 March 2008 and 1 April 2008	23,519
Impairment loss recognised	17,953
Exchange difference	567
At 31 March 2009	42,039
Carrying amount	
At 31 March 2009	–
At 31 March 2008	17,571

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units ("CGUs") identified according to the business segment that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated as follows:

	2009	2008
	HK$'000	*HK$'000*
Licensing of software		
– AnyMusic	**–**	17,571
Discotheque management		
– Shanghai Rojam	**–**	–
	–	17,571

17. GOODWILL *(Continued)*

Licensing of software operation – AnyMusic

The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and budgeted gross margin and turnover during the period. The Group estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on long-term average economic growth rate of the geographical area in which the businesses of the CGUs operate. Budgeted gross margin and turnover are based on past practices and expectations on market development.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the directors for the next five years with the residual period using the growth rate of 8%. This rate does not exceed the average long-term growth rate for the relevant markets.

The rate used to discount the forecast cash flows from the Group's licensing of software operation is 19.8%.

At 31 March 2009, before impairment testing, goodwill of HK$17,953,000 was allocated to the licensing of software segment. Due to changes in market condition, the Group has revised its cash flow forecasts for this CGU. The goodwill allocated to the licensing of software segment has therefore been reduced to its recoverable amount through recognition of an impairment loss against goodwill of HK$17,953,000 during the year (2008: Nil).

Discotheque management – Shanghai Rojam

The goodwill associated with Shanghai Rojam arose when the business was acquired by the Group in 2002. From financial year 2002 to 2007, Shanghai Rojam only operate Rojam Disco. At the date of acquisition of Shanghai Rojam by the Group, Shanghai Rojam operated one disco in Shanghai, the PRC (the "Rojam Disco"). Due to change in market condition, the Group revised its business plan and ceased operations of Rojam Disco on 24 December 2007. The goodwill allocated have therefore fully impaired during the year ended 31 March 2008.

18. OTHER INTANGIBLE ASSETS

	Group			
	Computer software *HK$'000*	**Club debentures** *HK$'000*	**Customer contracts** *HK$'000*	**Total** *HK$'000*
Cost				
At 1 April 2007	–	–	–	–
Acquisition of a subsidiary *(note 28)*	34	527	16,907	17,468
Exchange differences	2	35	1,113	1,150
At 31 March 2008 and 1 April 2008	36	562	18,020	18,618
Exchange difference	1	12	391	404
At 31 March 2009	37	574	18,411	19,022
Accumulated amortisation and impairment loss				
At 1 April 2007	–	–	–	–
Amortisation for the year	1	6	1,421	1,428
Impairment loss	–	–	710	710
Exchange differences	–	–	121	121
At 31 March 2008 and 1 April 2008	1	6	2,252	2,259
Amortisation for the year	1	17	3,678	3,696
Impairment loss	–	–	3,483	3,483
Exchange difference	–	1	52	53
At 31 March 2009	2	24	9,465	9,491
Carrying amount				
At 31 March 2009	35	550	8,946	9,531
At 31 March 2008	35	556	15,768	16,359

The Group carried out reviews of the recoverable amount of the other intangible assets in 2009, having regard to the market conditions of the Group's software. The customer contracts are used in the Group's licensing of software segment. The review led to the recognition of an impairment loss of HK$3,483,000 for customer contracts (2008: HK$710,000) that have been recognised in the consolidated income statement. The recoverable amount of the customer contracts has been determined on the basis of its value in use. The discount rate used in measuring value in use was 19.8% (2008: 19.6%).

18. OTHER INTANGIBLE ASSETS *(Continued)*

Computer software

Computer software represents acquired computer software licenses that are used in the operation of provision of value added telecommunication services. As at 31 March 2009, the computer software has a remaining amortisation period of 5 years.

Club debentures

Club debenture represents acquired membership in a golf club. As at 31 March 2009, the club debenture has a remaining amortisation period of 32 years.

Customer contracts

Customer contract represents the software licence contracts with telecommunication service providers who possess Value-Added Telecommunication Operation Licenses to provide value-added telecommunication services and have established cooperative arrangements with leading communications operators in the PRC. As at 31 March 2009, the customer contracts have a remaining amortisation period of 3.6 years.

19. INVESTMENTS IN SUBSIDIARIES

	Company	
	2009	2008
	HK$'000	*HK$'000*
Unlisted investments, at cost	**81,485**	81,485
Less: Impairment losses	**(81,485)**	(51,778)
	–	29,707

Particulars of the subsidiaries as at 31 March 2009 are as follows:

Name	Country/place and date of incorporation/ establishment and kind of legal entity	Issued and fully paid up share capital/ registered capital	Attributable equity interest Direct	Attributable equity interest Indirect	Principal activities and place of operation
Rojam Entertainment Limited	Hong Kong, 5 November 1997, limited liability company	100,001 ordinary shares of HK$1 each	100%	–	Intellectual property holding and provision of general administration and management services to group companies in Hong Kong and the PRC.
Rojam Investment Limited	The British Virgin Islands, 15 November 2000, limited liability company	1 registered share of US$1	100%	–	Investment holding in the PRC.

19. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Name	Country/place and date of incorporation/ establishment and kind of legal entity	Issued and fully paid up share capital/ registered capital	Attributable equity interest Direct	Attributable equity interest Indirect	Principal activities and place of operation
Shanghai Rojam Entertainment Company Limited ("Shanghai Rojam") *(Note)*	The PRC, 13 November 1993 limited liability company	Registered capital of US$1,000,000	–	90%	Operation of discotheque business in the PRC (operation was ceased on 28 July 2008).
AnyMusic Limited ("AnyMusic")	The PRC, 24 December 2002, limited liability company	Registered capital of US$3,620,000	–	100%	Engaged in the development and licensing of software and technology for use in connection with the provision of value-added telecommunication services in the PRC.

Note:

On 18 September 2002, the Group entered into a Chinese-foreign cooperative joint venture contract with the minority shareholder of Shanghai Rojam. By virtue of the said contract, the minority shareholder has agreed to accept a pre-fixed amount as its return on investment and services rendered, whereas the Group will be entitled to/responsible for any or all operating profit or loss. The pre-fixed amount paid or payable to the minority shareholder is recognised as management fee paid or payable to the minority shareholder in the consolidated income statement.

According to the terms of the said contract, the minority shareholder is entitled to a pre-fixed amount of RMB600,000 for the year ended 31 December 2002, and of RMB500,000 per annum from the year beginning 1 January 2003. Such amount covers payment for management services rendered by the minority shareholder and is subject to further negotiation should the business encounter significant changes.

20. INVENTORIES

	Group 2009 HK$'000	Group 2008 HK$'000
Merchandise	–	17

21. AMOUNTS DUE FROM SUBSIDIARIES

The amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment. As at 31 March 2009, an allowance was made for estimated irrecoverable amount due from subsidiaries of approximately HK$111,359,000 (2008: HK$92,117,000).

22. TRADE RECEIVABLES

The Group's trading terms with customers from licensing operation are mainly on credit, the credit term is 30 days.

An ageing analysis of trade receivables, based on the invoice date, and net of allowance, is as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
0 – 30 days	**253**	1,566
31 –90 days	**–**	93
91 – 180 days	**–**	218
181 – 365 days	**–**	540
Over 1 year	**–**	2,891
	253	5,308

The trade receivables are denominated in Renminbi, which is the functional currency of the operating subsidiaries.

As at 31 March 2009, an allowance was made for estimated irrecoverable trade receivables of approximately HK$4,040,000 (2008: HK$Nil). The movements in the balance for estimated irrecoverable trade receivables during the year are as follows:

	2009	2008
	HK$'000	*HK$'000*
At beginning of year	**–**	–
Impairment loss recognised	**4,040**	–
At end of year	**4,040**	–

An ageing analysis of trade receivables that were past due but not impaired is as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
31 –90 days	**–**	93
91 – 180 days	**–**	218
Over 180 days	**–**	3,431
	–	3,742

23. BANK AND CASH BALANCES

As at 31 March 2009, bank and cash balances of the Group are denominated in the following currencies:

	2009	2008
	HK$'000	HK$'000
Hong Kong Dollars	799	10,155
Renminbi	9,741	13,499
US Dollars	11,558	20,201
Japanese Yen	62	34
New Taiwan Dollars	34	258
	22,194	44,147

Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

As at 31 March 2009, deposits in a bank account in the PRC which amounted to HK$567,000 (2008: HK$555,000) was restricted for use.

24. TRADE PAYABLES

An ageing analysis of trade payables, based on the date of receipt of goods, is as follows:

	Group	
	2009	2008
	HK$'000	HK$'000
0 to 90 days	7	231

25. DEFERRED TAX

The following are the major deferred tax liabilities recognised by the Group.

	Other intangible assets HK$'000	Provision HK$'000	Total HK$'000
At 1 April 2007	–	537	537
Exchange differences	(157)	71	(86)
Credit/(charge) to consolidated income statement for the year	187	(608)	(421)
Acquisition of a subsidiary *(note 28)*	(1,999)	–	(1,999)
At 31 March 2008 and 1 April 2008	(1,969)	–	(1,969)
Exchange difference	(43)	–	(43)
Credit to consolidated income statement for the year *(note 9)*	1,155	–	1,155
At 31 March 2009	(857)	–	(857)

At the balance sheet date the Group has unused tax losses of HK$26,392,000 (2008: HK$26,335,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such losses (2008: Nil) due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of HK$870,000 and HK$642,000 (2008: HK$4,269,000 and HK$870,000) that will expire in 2012 and 2013 respectively. Other tax losses may be carried forward indefinitely.

26. SHARE CAPITAL

	Number of Shares	Amount HK$'000
Authorised:		
Ordinary shares of HK$0.1 (2008: HK$0.1) each		
At 1 April 2007, 31 March 2008 and 31 March 2009	5,000,000,000	500,000
Issued and fully paid:		
Ordinary shares of HK$0.1 (2008: HK$0.1) each		
At 1 April 2007, 31 March 2008 and 31 March 2009	1,926,114,403	192,611

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

26. SHARE CAPITAL *(Continued)*

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, return capital to shareholders and issue new shares.

The Group monitors capital by maintaining a net cash position throughout the year.

The only externally imposed capital requirement is that for the Group to maintain its listing on the Stock Exchange it has to have a public float of at least 18.2% of it's shares. The Group receives a report from the share registrars monthly on substantial share interests showing the non-public float and it demonstrates continuing compliance with the 18.2% limit throughout the year. As at 31 March 2009, 25.66% (2008: 25.66%) of the shares were in public hands.

27. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of changes in equity.

(b) Company

	Share premium account *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*
At 1 April 2007	227,283	(27,636)	199,647
Loss for the year	–	(77,842)	(77,842)
2007 special dividend paid	(227,281)	–	(227,281)
At 31 March 2008 and at 1 April 2008	2	(105,478)	(105,476)
Loss for the year	–	(51,751)	(51,751)
At 31 March 2009	2	(157,229)	(157,227)

(c) Nature and purpose of reserves

(i) *Share premium account*

Under the Companies Law of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(ii) *Exchange reserve*

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 3(c) to the financial statements.

28. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

Acquisition of a subsidiary – AnyMusic

On 4 September 2007, Rojam Entertainment Limited, a wholly-owned subsidiary of the Group entered into a conditional Sale and Purchase Agreement with a shareholder of the Company, Faith, Inc. to acquire the entire issued capital of AnyMusic for a cash consideration of JPY700,000,000 equivalent to HK$47,916,000. AnyMusic was engaged in the development and licensing of software and technology for use in connection with the provision of value-added telecommunication services in the PRC during the year. This transaction constitutes a connected transaction for the Company under the GEM Listing Rules and the details are included in the circular of the Company dated 27 September 2007. The transaction was completed on 31 October 2007.

The net assets acquired in the transaction and the goodwill arising are as follows:

	Carrying amount *HK$'000*	**Fair value** *HK$'000*
Property, plant and equipment	534	534
Other intangible assets	562	17,468
Trade receivables	6,300	6,300
Prepayments, deposits and other receivables	7,517	7,517
Bank and cash balances	7,242	7,242
Trade and other payables	(552)	(552)
Deferred tax liabilities	(799)	(799)#
		37,710
Goodwill		16,485
Less: Recognition of deferred tax liabilities on business combination		(1,200)#
Satisfied by:		
Cash		52,995*
Net cash outflow arising on acquisition:		
Cash consideration paid		(52,995)
Cash and cash equivalents acquired		7,242
		(45,753)

* Including professional fees of HK$5,079,000 directly attributable to the business combination.

\# Total deferred tax liabilities arising from the acquisition of AnyMusic amounted to HK$1,999,000 (note 25).

AnyMusic Limited contributed approximately HK$1,667,000 to the Group's turnover and approximately profit of HK$274,000 to the Group's loss before tax, for the period between the date of acquisition and 31 March 2008.

If the acquisition had been completed on 1 April 2007, total Group turnover for the year ended 31 March 2008 would have been HK$8,868,000, and loss for the year ended 31 March 2008 would have been HK$62,853,000. The proforma information is for illustrative purposes only and is not necessarily an indication of the turnover and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2007, nor is intended to be a projection of future results.

29. LEASE COMMITMENTS

At 31 March 2009 the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
Within one year	**448**	2,489
In the second to fifth years inclusive	**–**	7,605
After five years	**–**	–
	448	10,094

Operating lease payments represent rentals payable by the Group for certain of its offices. Leases are negotiated for an average term of 2 years and rentals are fixed over the lease terms and do not include contingent rentals.

On 18 July 2008, Shanghai Rojam, a subsidiary of the Company entered into an agreement with the landlord to terminate the lease for the premises at which the Group operated in Suzhou, PRC. At 31 March 2008, the total future minimum lease payments under non-cancellable operating leases in respect of these premises amounts to HK$9,176,000.

30. RELATED PARTY TRANSACTIONS

The Company's substantial shareholders (as defined in GEM Listing Rules) are Yoshimoto Fandango Co., Ltd. ("Fandango", a company incorporated in Japan) and Faith, Inc. ("Faith", a company incorporated in Japan and whose shares are listed on the Tokyo Stock Exchange Section 1).

Fandango is a wholly owned subsidiary of Yoshimoto Kogyo Co., Ltd. ("Yoshimoto", a company incorporated in Japan whose shares are listed on the Tokyo Stock Exchange Section 1 and the Osaka Securities Exchange Section 1).

(a) Save as disclosed in other notes to the consolidated financial statements, the Group has carried out the following material transactions with related parties during the year:

		2009	2008
	Note	***HK$'000***	*HK$'000*
A shareholder:			
Yoshimoto			
– reimbursement of operating expense	*(i)*	**–**	(156)
A shareholder:			
Fandango			
– reimbursement of operating expense	*(i)*	**–**	(30)
– loan interest income received	*(ii)*	**–**	732
A shareholder:			
Faith, Inc.			
– reimbursement of operating expense	*(i)*	**(1,470)**	(945)

30. RELATED PARTY TRANSACTIONS *(Continued)*

(i) Reimbursement of operating expenses is recharged on an actual basis.

(ii) The loan interest represent interest charged on inter-company receivable assigned to Fandango on 30 January 2007. The balance is unsecured and repaid on 31 May 2007. Except for a balance of HK$81,385,000 which bears interest at 5.38% per annum, the amount due is interest-free.

In the opinion of the Directors of the Company, the above related party transactions were carried out in the ordinary and usual course of business and on terms mutually agreed between the Group and the respective related parties.

31. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation. The changes included the reclassification of certain profit and loss items from continuing operations to discontinued operations.

32. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 16 June 2009.