ROJAM ENTERTAINMENT HOLDINGS LIMITED

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

Stock Code: 8075

2009/2010 Annual Report

ROJAM

Entertainment Network Asia

Characteristics of the Growth Enterprise Market ("GEM") of the Stock Exchange Of Hong Kong Limited (the "Stock Exchange")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

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 the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Etsuko Hoshiyama
Chan Chi Ming, Alvin
Luk Hong Man, Hammond

Independent Non-executive Directors

Chan Chi Yuen
Zhang Xi
Yeung Wai Hung, Peter
Wong Kam Choi

COMPLIANCE OFFICER

Luk Hong Man, Hammond

COMPANY SECRETARY

Etsuko Hoshiyama, CPA, AICPA

AUDIT COMMITTEE

Chan Chi Yuen *(Chairman)*
Zhang Xi
Yeung Wai Hung, Peter
Wong Kam Choi

REMUNERATION COMMITTEE

Chan Chi Yuen *(Chairman)*
Zhang Xi
Yeung Wai Hung, Peter
Wong Kam Choi

AUTHORISED REPRESENTATIVES

Etsuko Hoshiyama
Chan Chi Ming, Alvin

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

23rd Floor,
Sunshine Plaza
353 Lockhart Road,
Wanchai
Hong Kong

WEBSITE

http://www.rojam.com

STOCK CODE

8075

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Services Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Hong Kong

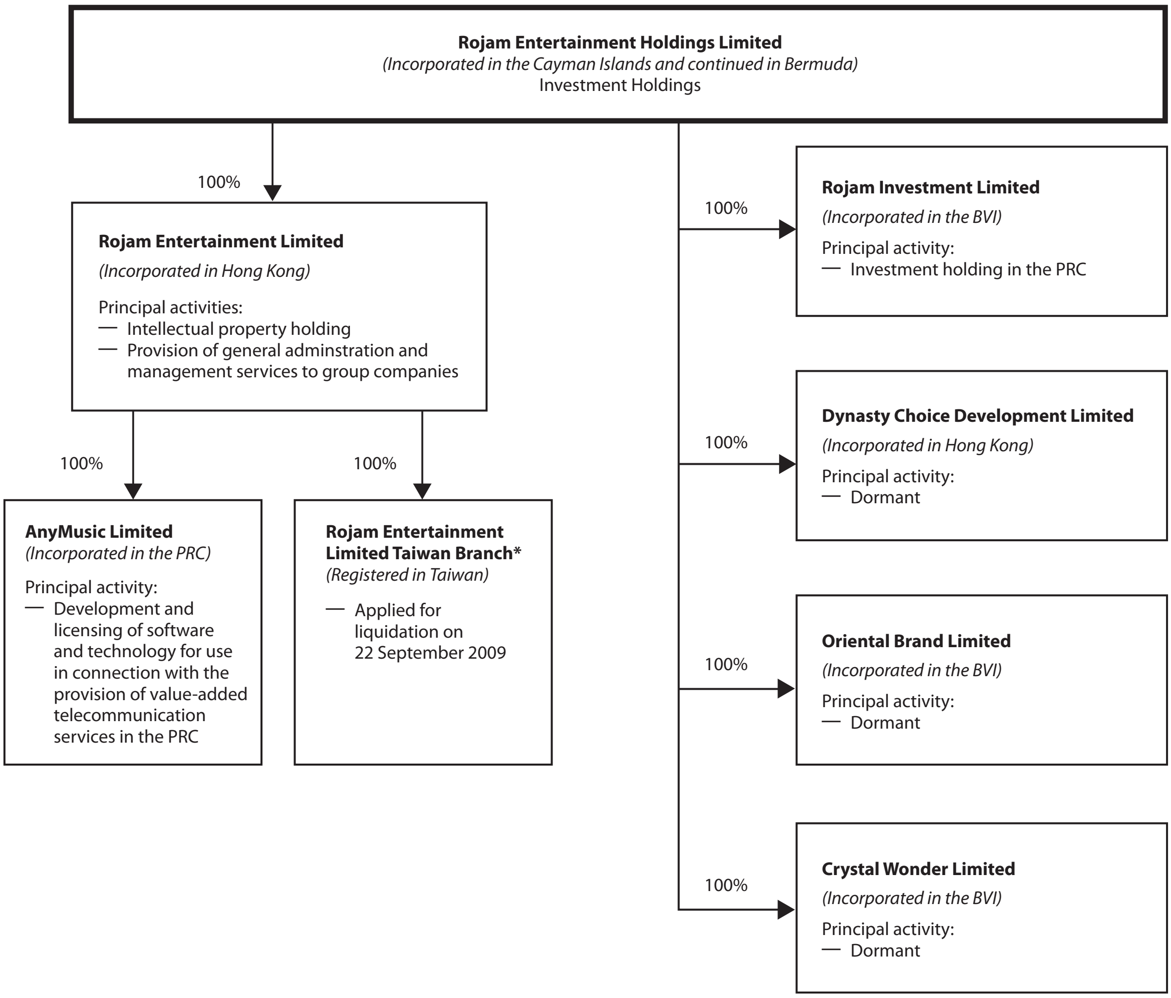
AUDITOR

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 domicile was changed to Bermuda by way of de-registration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda on 3 December 2009. 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

	2010	2009	2008	2007	2006
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Results for the year ended 31 March (continuing operations and discontinued operations)					
Turnover	**1,914**	2,714	6,677	524,582	505,417
(Loss)/Profit before income tax	**(17,021)**	(48,977)	(62,795)	42,601	73,992
(Loss)/ Profit attributable to owners of the Company	**(16,920)**	(47,822)	(63,205)	(68,249)	40,166
Assets and liabilities					
Total assets	**56,756**	38,292	93,056	380,547	469,876
Total liabilities	**(4,381)**	(5,323)	(13,378)	(13,733)	(169,441)
Net assets	**52,375**	32,969	79,678	366,814	300,435

Management Discussion and Analysis

BUSINESS REVIEW

Licence Income

The Group is engaged in the development and licensing of 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 People's Republic of China (the "PRC") through AnyMusic Limited ("AnyMusic"), an indirect wholly-owned subsidiary of the Group. Revenue from the licence income for the year ended 31 March 2010 amounted to approximately HK$1.9 million.

Discontinued Business

The Group's discotheque business, which had been operated by Shanghai Rojam Entertainment Company Limited ("Shanghai Rojam"), the then indirect subsidiary of the Company, was ceased in July 2008. The Group disposed its entire 90% interest in Shanghai Rojam to a third party in November 2009 and recognised gain on disposal of subsidiary of approximately HK$2.9 million.

FINANCIAL REVIEW

During the year ended 31 March 2010 the Group recorded turnover of approximately HK$1,914,000 from it's continuing operations, which represents a 29% decrease from that of approximately HK$2,706,000 in the previous financial year. The Group's loss from the continuing operations before income tax for the year was approximately HK$19,953,000 , a 51% decrease compared to that of approximately HK$40,707,000 for the year ended 31 March 2009. Loss attributable to owners of the Company for the year was approximately HK$16,920,000, compared to loss attributable to owners of the Company of approximately HK$47,822,000 in the previous financial year.

Cost of sales and services from the Group's continuing operations decreased by 12% to approximately HK$1,206,000 for the year ended 31 March 2010 from approximately HK$1,365,000 for the previous financial year. The operating expenses decreased by 52% to approximately HK$20,827,000 from approximately HK$42,977,000.

The income tax credit was amounted to approximately HK$101,000 for the year ended 31 March 2010, compared to a income tax credit of approximately HK$1,155,000 for the previous financial year. The income tax credit is due to the reversal of deferred tax liabilities from AnyMusic.

LIQUIDITY AND FINANCIAL RESOURCES

At 31 March 2010, the Group's shareholders' funds increased by approximately 59% to approximately HK$52,375,000 as compared to HK$32,294,000 as at 31 March 2009. Total assets amounted to approximately HK$56,756,000 (2009: HK$38,292,000), of which current assets amounted to approximately HK$49,339,000 (2009: HK$28,526,000). At 31 March 2010, the Group had current liabilities and minority interest of approximately HK$3,622,000 (2009: HK$4,466,000) and nil (2009: HK$675,000) respectively. Net asset value per share was approximately HK$0.02 (2009: HK$0.02). Current ratio was approximately 13.6 (2009: 6.4).

At 31 March 2010, the Group's cash and bank balances increased to approximately HK$43,466,000 (2009: HK$22,194,000) as a result of placing of new shares of the Company. The balances consist of approximately 77% in Hong Kong dollars, 13% in Renminbi and 10% 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 2010, the Group has net cash outflow of approximately HK$17,955,000 for operating activities and approximately HK$455,000 for investing activities and net cash inflow of approximately HK$39,658,000 from financing activities.

At 31 March 2010, 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 1.4% (2009: 2.7%).

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 2010, the Group has no outstanding foreign currency hedge contracts (2009: Nil).

CHARGE ON GROUP ASSETS

At 31 March 2010, the Group did not have any charge on its assets (2009: Nil).

CAPITAL STRUCTURE

Details of the movements in share capital of the Company are set out in Note 25 to the consolidated financial statements.

RESTRUCTURING AND FUND RAISING ACTIVITIES

Change of control and management

An acquisition of the majority shares of the Company by Marvel Bonus Holdings Limited ("Marvel Bonus") from Yoshimoto Fandango Co., Ltd. and Faith, Inc. was completed on 21 August 2009. Marvel Bonus then made a mandatory unconditional cash offer for the remaining shares of the Company, which was closed on 29 September 2009. Reflecting the change of control of the Company, two new executive Directors and three new Independent non-executive Directors were appointed and all, except one, of the former Directors had resigned.

Subscription for convertible bonds and options

On 30 September 2009 after trading hours of the Stock Exchange, the Company entered into with Golden Coach Limited (the "Subscriber"), (i) a conditional convertible bonds subscription agreement (the "CB Subscription Agreement") whereby the Company conditionally agreed to issue and the Subscriber conditionally agreed to subscribe for the convertible bonds in the principal amount of HK$25,000,000 and (ii) an options subscription agreement (the "Options Subscription Agreement") whereby the Company, in consideration of the option fee being HK$2,500,000, which is payable by the Subscriber upon completion, conditionally agreed to grant to the Subscriber options to subscribe for 250,000,000 option shares at option price during the option period. The CB Subscription Agreement and the Options Subscription Agreement were completed on 30 April 2010. The net proceeds from the granting of the options and the issue of the convertible bonds (after deduction of expenses) amounted to approximately HK$26.8 million. If the options are exercised in full, the net proceeds will be approximately HK$12.4 million.

Placing of new shares

The Company entered into a conditional placing agreement with a placing agent on 5 October 2009. The placing was completed on 30 October 2009 in accordance with the terms and conditions of the placing agreement in which an aggregate of 380,000,000 placing shares, representing approximately 16.48% of the issued share capital of the Company of 2,306,114,403 shares as enlarged by the placing as at 30 October 2009, were placed to not less than six placees, who and whose ultimate beneficial owners are not connected persons (as defined under the GEM Listing Rules) of the Company and are third parties independent of and not connected with the Company, connected persons of the Company and any of the Directors, chief executive or substantial shareholder(s) of any members of the Group or any associate of them or any connected persons (as defined under the GEM Listing Rules) of the Company, at the placing price of HK$0.10 per placing share. The net proceeds from the placing amounted to approximately HK$37.2 million.

RESTRUCTURING AND FUND RAISING ACTIVITIES *(Continued)*

Change of domicile, capital reorganisation and adoption of share option scheme

On 6 October 2009, the board of Directors (the "Board") announced, among other things, the proposed change of the domicile of the Company, the proposed capital reorganisation of the Company and adoption of a new share option scheme. These proposals were approved by the shareholders of the Company on 19 November 2009.

The change of the domicile of the Company from the Cayman Islands to Bermuda by way of de-registration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda became effective on 3 December 2009.

The capital reorganisation became effective on 22 December 2009, upon which (i) the issued share capital of the Company has been reduced by approximately HK$207,550,000 from approximately HK$230,611,000 to approximately HK$23,061,000 comprising 2,306,114,403 new shares of HK$0.01 each through reducing the par value of each of the issued old shares from HK$0.10 each to HK$0.01 each by cancelling the paid-up capital of the Company to the extent of HK$0.09 on each of the issued old shares; (ii) each authorised but unissued share of HK$0.1 has been subdivided into 10 new shares of HK$0.01 each; and (iii) the credit of approximately HK$207,550,000 arising from the capital reduction has been transferred to the contributed surplus account of the Company within the meaning of the Companies Act 1981 of Bermuda and utilised to offset the accumulated losses of the Company in full on the date the capital reorganisation completed.

MATERIAL ACQUISITION/ DISPOSAL AND SIGNIFICANT INVESTMENTS

On 16 November 2009, Rojam Investment Limited, a wholly-owned subsidiary of the Company entered into a sales and purchase agreement with an independent third party whereby Rojam investment Limited agreed to dispose of its entire 90% equity interest in Shanghai Rojam. Details are set out in Note 28 to the financial statements.

Save as the above, the Group had no other material acquisitions or disposals of subsidiaries during the year ended 31 March 2010.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities at 31 March 2010 (2009: Nil).

EMPLOYEE INFORMATION

At 31 March 2010, the Group had 23 (2009: 33) full-time employees in Hong Kong, Beijing and Shenzhen. Staff costs, excluding Directors' emoluments, totalled HK$3,034,000 (2009: HK$3,118,000). 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.

OUTLOOK

The Group is currently engaging in the development and licensing of software and technology for use in connection with the provision of value-added telecommunication services in the PRC. Though anticipating fierce competition in the industry in the PRC will continue, the Board will make every effort to improve the operation results of the Group. At the same time the Board also is developing a comprehensive corporate strategy to broaden the income stream of the Group. In the long-term spectrum, it will explore other business opportunities and consider whether any assets and/or business acquisitions by the Group will be appropriate in order to enhance its growth.

In order to strengthen the financial position of the Group and facilitate exploring the business opportunities and any assets and/or business acquisitions, the Company had conducted fund raising activities during the year. In September 2009 the Company entered into the CB Subscription Agreement and the Options Subscription Agreement, which were completed in April 2010. The Company also placed new shares in October 2009. The net proceeds from the granting of the options and issue of the convertible bonds amounted to approximately HK26.8 million and if the options are exercised in full, the net proceeds is approximately HK$12.4 million. The net proceeds from the placing of new shares amounted to approximately HK$37.2 million.

The Board intends to apply the net proceeds from the granting of the options, issue of the convertible bonds, the placing and, if applicable, the issue of the option shares as general working capital and to finance new investment project in the PRC in order to diversify the Group's revenue base. The Company is in process of exploring new business opportunities in order to diversify into businesses with good prospect, to enhance the Group's income stream and the overall profitability and to maintain the Company's growth momentum.

Directors and Senior Management Profile

EXECUTIVE DIRECTORS

Ms. Etsuko Hoshiyama, aged 48, 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 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 19 years of experiences in the area of business administration, business development, and tax and business consulting.

Mr. Chan Chi Ming, Alvin, aged 41, joined the Group and was appointed to the Board on 1 September 2009. He has approximately 10 years' regional asset management experience with management positions. He obtained a bachelor's degree in science (mathematics and statistics) from University of Western Ontario in Canada in 1994. Mr. Chan received the Chartered Financial Analyst (CFA) designation in 2000.

Mr. Luk Hong Man, Hammond, aged 29, joined the Group and was appointed to the Board on 1 September 2009. He has over 7 years of experience in the accounting and compliance sectors. He is currently a consultant of a charitable fund association. Mr. Luk obtained a degree of bachelor of commerce from University of Alberta in Canada in 2003 and a degree of bachelor of laws from University of London in the United Kingdom in 2006. He is an associate member of the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Chi Yuen, aged 43, holds a bachelor degree with honours in Business Administration and a master of science degree in Corporate Governance and Directorship. He is a fellow of The Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants and is an associate of The Institute of Chartered Accountants in England and Wales. Mr. Chan is a practicing certified public accountant and has extensive experience in financial management, corporate finance and corporate governance.

Mr. Chan is currently an independent non-executive director of Asia Energy Logistics Group Limited (stock code: 351), China Gamma Group Limited (stock code: 164), China Gogreen Assets Investment Limited (stock code: 397), Superb Summit International Timber Company Limited (stock code: 1228), Richly Field China Development Limited (stock code: 313), China Grand Forestry Green Resources Group Limited (stock code: 910) and Hong Kong Building and Loan Agency Limited (stock code: 145). Mr. Chan was an executive director of New Times Energy Corporation Limited (stock code: 166) since 10 May 2006 and was re-designated as a non-executive director from 25 October 2006 onwards. He was also an executive director of Amax Holdings Limited (stock code: 959) from August 2005 to January 2009, China E-Learning Group Limited (stock code: 8055) from July 2007 to September 2008 and Kong Sun Holdings Limited (stock code: 295) from February 2007 to November 2009.

Mr. Zhang Xi, aged 40, has over 9 years of experience in the financial sector. He is currently an independent non-executive director of Asia Energy Logistics Group Limited, a company incorporated in Hong Kong and the shares of which are listed on the Stock Exchange (stock code: 351). Mr. Zhang graduated with a bachelor's degree in science (electrical engineering) from Shanghai Jiao Tong University in July 1991. Mr. Zhang obtained an international master of business administration from York University in Canada in 1998. He is currently a Chartered Financial Analyst (CFA) charterholder.

INDEPENDENT NON-EXECUTIVE DIRECTORS *(Continued)*

Mr. Yeung Wai Hung, Peter, aged 52, holds a bachelor of laws degree from the University of London and a postgraduate certificate in laws from the University of Hong Kong. He is a solicitor of High Court of Hong Kong. Mr. Yeung has been a practicing solicitor for over 20 years and a partner of Messrs. Hau, Lau, Li & Yeung, Solicitors & Notaries since 1992. He has extensive experience in merger and acquisitions, and commercial contracts.

Mr. Wong Kam Choi, aged 43, has over 10 years' experience in design and printing industry. He is currently substantial shareholder and director of a design and printing company. Mr. Wong has also been dedicating to wide range of community services in Hong Kong and Southern China. He is a committee member and/or vice chairman of a number of non-profit organizations and government bodies including Sik Sik Yuen and the Chinese People's Political Consultative Conference of Guangzhou, Liwan.

COMPANY SECRETARY

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

Corporate Governance Report

The Board is pleased to present this Corporate Governance Report in the annual report for the year ended 31 March 2010.

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 2010.

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 2010.

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 seven members, consisting of three executive Directors and four 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 Rule 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 seventeen Board meetings held in the financial year ended 31 March 2010. Individual attendance of each Board member at these meetings is as follows:

Name of Director	Attended/ Eligible to attend
Executive Directors	
Hidenori Nakai *(Note 1)*	6/7
Wang Kefei *(Note 1)*	6/7
Takeyasu Hashizume *(Note 1)*	6/7
Etsuro Tojo *(Note 1)*	7/7
Etsuko Hoshiyama	17/17
Hiroshige Tonomura *(Note 1)*	6/7
Chan Chi Ming, Alvin *(Note 2)*	13/13
Luk Hong Man, Hammond *(Note 2)*	13/13
Independent Non-executive Directors	
Seiichi Nakaoda *(Note 3)*	4/7
Kwong Pui Kei *(Note 3)*	4/7
Chan Hing Keung, Wilson *(Note 3)*	4/7
Zhang Xi *(Note 2)*	8/13
Chan Chi Yuen *(Note 4)*	5/9
Yeung Wai Hung, Peter *(Note 5)*	2/4

Notes:

1. Mr. Hidenori Nakai, Mr.Wang Kefei, Mr.Takeyasu Hashizume, Mr. Etsuro Tojo and Mr. Hiroshige Tonomura resigned on 29 September 2009.

2. Mr. Chan Chi Ming, Alvin, Mr. Luk Hong Man, Hammond and Mr. Zhang Xi were appointed on 1 September 2009.

3. Mr. Seiichi Nakaoda, Mr. Kwong Pui Kei and Mr. Chan Hing Keung, Wilson resigned on 30 September 2009.

4. Mr. Chan Chi Yuen was appointed on 30 September 2009.

5. Mr. Yeung Wai Hung, Peter was appointed on 5 November 2009.

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

Under the Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.

The Board has not appointed individuals to the posts of chairman and chief executive officer. The Board is in the process of identifying suitable candidates to fill in the vacancies for chairman and chief executive officer in compliance with the requirement of the Code. Further announcement will be made by the Company with regard to the new appointment of chairman and chief executive officer of the Company in due course.

APPOINTMENT, RE-ELECTION AND REMOVAL

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. All Directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. Every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

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 four members comprising the four independent non-executive Directors of the Company, namely Mr. Chan Chi Yuen, Mr. Zhang Xi, Mr. Yeung Wai Hung, Peter and Mr. Wong Kam Choi (Mr. Wong Kam Choi was appointed on 14 April 2010). The chairman of the audit committee is Mr. Chan Chi Yuen. 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 2010. 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 *(Note 1)*	2/2
Kwong Pui Kei *(Note 1)*	2/2
Chan Hing Keung, Wilson *(Note 1)*	2/2
Zhang Xi *(Note 2)*	2/2
Chan Chi Yuen *(Note 3)*	2/2
Yeung Wai Hung, Peter *(Note 4)*	2/2

Notes:

1. Mr. Seiichi Nakaoda, Mr. Kwong Pui Kei and Mr. Chan Hing Keung, Wilson resigned on 30 September 2009.
2. Mr.Zhang Xi was appointed on 1 September 2009.
3. Mr. Chan Chi Yuen was appointed on 30 September 2009.
4. Mr. Yeung Wai Hung, Peter was appointed on 5 November 2009.

AUDIT COMMITTEE *(Continued)*

The audit committee reviewed the Group's audited results for the year ended 31 March 2010 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 four members comprising the four independent non-executive Directors of the Company, namely Mr. Chan Chi Yuen, Mr. Zhang Xi, Mr. Yeung Wai Hung, Peter and Mr. Wong Kam Choi (Mr. Wong Kam Choi was appointed on 14 April 2010). The chairman of the remuneration committee is Mr. Chan Chi Yuen. 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. The remuneration committee met once during the year ended 31 March 2010. 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 *(Note 1)*	1/1
Kwong Pui Kei *(Note 1)*	1/1
Chan Hing Keung, Wilson *(Note 1)*	1/1
Zhang Xi *(Note 2)*	0/0
Chan Chi Yuen *(Note 3)*	0/0
Yeung Wai Hung, Peter *(Note 4)*	0/0

Notes:

1. Mr. Seiichi Nakaoda, Mr. Kwong Pui Kei and Mr. Chan Hing Keung, Wilson resigned on 30 September 2009.
2. Mr.Zhang Xi was appointed on 1 September 2009.
3. Mr. Chan Chi Yuen was appointed on 30 September 2009.
4. Mr. Yeung Wai Hung, Peter was appointed on 5 November 2009.

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 special general meetings, quarterly and annual reports, and 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 re-appointed as the auditors of the Group at the annual general meeting held on 30 September 2009. The remuneration in respect of services provided by RSM for the Group for the year ended 31 March 2010 and 2009 is analysed as follows:

	2010	2009
	HK$'000	*HK$'000*
Audit services	**600**	600
Non-audit services	**38**	–
	638	600

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.

The Directors submit their report together with the audited consolidated financial statements for the year ended 31 March 2010.

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 financial statements.

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

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated statement of comprehensive income on page 25.

The directors do not recommend the payment of a dividend for the year ended 31 March 2010 (2009: Nil).

RESERVES

Movements in the reserves of the Group and of the Company during the year are set out in Note 26 to the 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 financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in Note 25 to the financial statements.

DISTRIBUTABLE RESERVES

At 31 March 2010, the Company had distributable reserves (2009: Nil) represented by contributed surplus net of accumulated losses of the Company. Under the Company Act 1981 of Bermuda, contributed surplus of the Company is distributable to the members of the Company subject to there being reasonable grounds for believing that, after the payment (a) the Company would be able to pay its liabilities as they become due; and (b) the realisable value of the Company's assets would thereby be more than the aggregate of its liabilities and its issued share capital and share premium account.

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 2010.

DIRECTORS

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

Executive Directors

Ms. Etsuko Hoshiyama	
Mr. Chan Chi Ming, Alvin	(appointed on 1 September 2009)
Mr. Luk Hong Man, Hammond	(appointed on 1 September 2009)
Mr. Hidenori Nakai	(resigned on 29 September 2009)
Mr. Wang Kefei	(resigned on 29 September 2009)
Mr. Takeyasu Hashizume	(resigned on 29 September 2009)
Mr. Etsuro Tojo	(resigned on 29 September 2009)
Mr. Hiroshige Tonomura	(resigned on 29 September 2009)

Independent non-executive Directors

Mr. Zhang Xi	(appointed on 1 September 2009)
Mr. Chan Chi Yuen	(appointed on 30 September 2009)
Mr. Yeung Wai Hung, Peter	(appointed on 5 November 2009)
Mr. Wong Kam Choi	(appointed on 14 April 2010)
Mr. Seiichi Nakaoda	(resigned on 30 September 2009)
Mr. Kwong Pui Kei	(resigned on 30 September 2009)
Mr. Chan Hing Keung, Wilson	(resigned on 30 September 2009)

In accordance with Article 83(2) of the Company's articles of association, Mr. Wong Kam Choi shall retire and, being eligible, offer himself for re-election at the forthcoming annual general meeting of the Company. In accordance with Articles 84(1) and 84(2) of the Company's articles of association, Messrs. Etsuko Hoshiyama and Chan Chi Ming, Alvin 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. Chan Chi Ming, Alvin, Mr. Luk Hong Man, Hammond, Mr. Zhang Xi, Mr. Chan Chi Yuen, Mr. Yeung Wai Hung, Peter and Mr. Wong Kam Choi is of an initial duration of one year. In the case of Mr. Chan Chi Ming, Alvin, Mr. Luk Hong Man, Hammond and Mr. Zhang Xi, their service agreements commenced on 1 September 2009; in the case of Mr. Chan Chi Yuen, his service agreement commenced on 30 September 2009; in the cases of Mr. Yeung Wai Hung, Peter, his service agreement commenced on 5 November 2009, in case of Mr. Wong Kam Choi, his service agreement commenced on 14 April 2010. The service agreement with Ms. Etsuko Hoshiyama is of an initial duration of three years, which commenced on 25 July 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 one or three year(s). 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 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 Import and Export Company Limited ("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, then the liquidation application documents were submitted to State Administration For Industry and Commerce of the PRC. On 16 November 2009, Rojam Investment Limited and Shanghai Huanyu agreed to withdraw the liquidation application and then Rojam Investment Limited disposed its entire 90% interest in Shanghai Rojam to the independent third party. Details of the transaction is set out in Note 28 to the financial statements.

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 2010, the interests or short position 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.

Save as disclosed above, at no time during the year ended 31 March 2010 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 2010, 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 shareholders	Capacity in which the share are held	Number of shares/ underlying shares	Approximate percentage of the Company's total issued share capital
Marvel Bonus Holdings Limited *(Note 1)*	Beneficial owner	562,490,000 shares	24.39%
Integrated Asset Management (Asia) Limited *(Notes 1 and 2)*	Interest of a controlled corporation	562,490,000 shares	24.39%
Shanghai Assets (BVI) Limited *(Notes 1 and 3)*	Interest of a controlled corporation	562,490,000 shares	24.39%
Mr. Yam Tak Cheung *(Note 2)*	Interest of a controlled corporation	562,490,000 shares	24.39%
Mr. Ting Pang Wan, Raymond *(Note 3)*	Interest of a controlled corporation	562,490,000 shares	24.39%
Kingston Finance Limited *(Note 4)*	Security interest	562,490,000 shares	24.39%
Mrs. Chu Yuet Wah *(Note 5)*	Interest of a controlled corporation	562,490,000 shares	24.39%
Ms. Ma Siu Fong *(Note 5)*	Interest of a controlled corporation	562,490,000 shares	24.39%
Golden Coach Limited *(Note 6)*	Beneficial owner	750,000,000 underlying shares	32.52%
Mr. Chan Chun Kuen *(Note 7)*	Interest of a controlled corporation	750,000,000 underlying shares	32.52%

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

Notes:

1. Marvel Bonus Holdings Limited ("Marvel Bonus") is owned as to 50% each by Integrated Asset Management (Asia) Limited ("Integrated Asset") and Shanghai Assets (BVI) Limited ("Shanghai Assets"). Integrated Asset and Shanghai Assets were therefore deemed to be interested in 562,490,000 shares held by Marvel Bonus.

2. Integrated Asset is in turn wholly and beneficially owned by Mr. Yam Tak Cheung ("Mr. Yam"). Mr. Yam was therefore deemed to be interested in the 562,490,000 shares held by Marvel Bonus.

3. Shanghai Assets is in turn wholly and beneficially owned by Mr. Ting Pang Wan, Raymond ("Mr. Ting"). Mr. Ting was therefore deemed to be interested in the 562,490,000 shares held by Marvel Bonus.

4. Kingston Finance Limited has a security interest of 562,490,000 shares owned by Marvel Bonus.

5. Mrs. Chu Yuet Wah and Ms. Ma Siu Fong own 51% and 49% interest in Kingston Finance Limited respectively. Both Mrs. Chu Yuet Wah and Ms. Ma Siu Fong were therefore deemed to be interested in the underlying shares in which Kingston Finance Limited holds an interest.

6. Pursuant to the CB Subscription Agreement and the Options Subscription Agreement dated 30 September 2009 respectively, Golden Coach Limited ("Golden Coach") agreed to subscribe for convertible bonds with an aggregate principal amount of HK$25,000,000 which can be converted into 500,000,000 shares and the Company agreed to grant to Golden Coach options to subscribe for 250,000,000 shares in the Company. Golden Coach was therefore deemed to be interested in 750,000,000 underlying shares in total through its long position in the Company's convertible bonds and options. The CB Subscription Agreement and the Options Subscription Agreement were completed on 30 April 2010.

7. Golden Coach is wholly and beneficially owned by Mr. Chan Chun Kuen ("Mr. Chan"). Mr. Chan was therefore deemed to be interested in Golden Coach's interest in 750,000,000 underlying shares.

Save as disclosed above, at 31 March 2010, 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

During the year, the Group had only one supplier and two customers.

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 Bermuda, which would obligate the Company to offer new shares on a pro-rata basis to existing shareholders.

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the "Scheme") on 19 November 2009, pursuant to which the Directors may, at their discretion, invite any employees, Directors, non-executive Directors (including independent non-executive Directors), suppliers, customers, advisors, consultants, agents, contractors, and any shareholders of any member of the Group or any invested entity or any holder of any securities issued by any member of the Group or any invested entity, to take up options to subscribe for Shares. As at 31 March 2010, no options had been granted under the Scheme.

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.

AUDITORS

RSM Nelson Wheeler were re-appointed as the auditors of the Group at the annual general meeting held on 30 September 2009.

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

On behalf of the Board

Etsuko Hoshiyama
Executive Director

Hong Kong, 18 June 2010

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 and continued in Bermuda with limited liability)

We have audited the consolidated financial statements of Rojam Entertainment Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 25 to 70, which comprise the consolidated and Company statements of financial position as at 31 March 2010, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows 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, in accordance with section 90 of the Companies Act 1981 of Bermuda 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 2010 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
18 June 2010

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2010

	Note	2010 HK$'000	2009 HK$'000
Continuing operations			
Turnover	6	**1,914**	2,706
Cost of sales and services rendered		**(1,206)**	(1,365)
Gross profit		**708**	1,341
Other income	7	**166**	929
Selling expenses		**(76)**	(282)
Administrative expenses		**(13,387)**	(9,328)
Other operating expenses		**(7,364)**	(33,367)
Loss before tax		**(19,953)**	(40,707)
Income tax credit	9	**101**	1,155
Loss for the year from continuing operations	11	**(19,852)**	(39,552)
Discontinued operations			
Gain/(loss) for the year from discontinued operations	10	**2,932**	(8,270)
Loss for the year attributable to owners of the Company		**(16,920)**	(47,822)
Other comprehensive income after tax:			
Exchange differences on translating foreign operations		**47**	1,113
Other comprehensive income for the year, net of tax		**47**	1,113
Total comprehensive income for the year attributable to owners of the Company		**(16,873)**	(46,709)
Basic loss per share			
Loss from continuing and discontinued operations	15	**0.8 cents**	2.5 cents
Loss from continuing operations	15	**0.9 cents**	2.1 cents

Consolidated Statement of Financial Position

At 31 March 2010

	Note	2010 HK$'000	2009 HK$'000
Non-current assets			
Property, plant and equipment	16	**377**	235
Goodwill	17	**–**	–
Other intangible assets	18	**7,040**	9,531
		7,417	9,766
Current assets			
Trade receivables	21	**38**	253
Prepayments, deposits and other receivables		**5,835**	6,079
Bank and cash balances	22	**43,466**	22,194
		49,339	28,526
Current liabilities			
Trade payables	23	**2**	7
Accruals and other payables		**3,620**	4,459
		3,622	4,466
Net current assets		**45,717**	24,060
Total assets less current liabilities		**53,134**	33,826
Non-current liabilities			
Deferred tax liabilities	24	**759**	857
NET ASSETS		**52,375**	32,969

At 31 March 2010

	Note	2010 HK$'000	2009 HK$'000
Capital and reserves			
Share capital	25	**23,061**	192,611
Reserves	26	**29,314**	(160,317)
Equity attributable to owners of the Company		**52,375**	32,294
Minority interests		**–**	675
TOTAL EQUITY		**52,375**	32,969

Approved by the Board of Directors on 18 June 2010

Etsuko Hoshiyama
Director

Chan Chi Ming, Alvin
Director

Statement of Financial Position

At 31 March 2010

	Note	2010 HK$'000	2009 HK$'000
Non-current assets			
Investments in subsidiaries	19	**1**	–
Current assets			
Prepayments, deposits and other receivables		**700**	245
Due from subsidiaries	20	**4,487**	23,241
Bank and cash balances	22	**37,144**	12,322
		42,331	35,808
Current liabilities			
Accruals and other payables		**2,880**	424
Net current assets		**39,451**	35,384
NET ASSETS		**39,452**	35,384
Capital and reserves			
Share capital	25	**23,061**	192,611
Reserves	26	**16,391**	(157,227)
TOTAL EQUITY		**39,452**	35,384

Approved by the Board of Directors on 18 June 2010

Etsuko Hoshiyama
Director

Chan Chi Ming, Alvin
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2010

	Attributable to the owners of the Company							
	Share capital	**Share premium account**	**Contributed surplus**	**Exchange reserve**	**Accumulated losses**	**Total**	**Minority interests**	**Total equity**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2008	192,611	2	–	3,669	(117,279)	79,003	675	79,678
Total comprehensive income for the year	–	–	–	1,113	(47,822)	(46,709)	–	(46,709)
Changes in equity 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
Total comprehensive income for the year	–	–	–	47	(16,920)	(16,873)	–	(16,873)
Issue of shares on placement *(note 25 (a))*	38,000	–	–	–	(842)	37,158	–	37,158
Capital reduction and transfer *(note 25(b)(i) and (iii))*	(207,550)	–	207,550	–	–	–	–	–
Transfer *(note 25(b)(iv))*	–	–	(163,075)	–	163,075	–	–	–
Disposal of a subsidiary *(note 28)*	–	–	–	(204)	–	(204)	(675)	(879)
Changes in equity for the year	(169,550)	–	44,475	(157)	145,313	20,081	(675)	19,406
At 31 March 2010	23,061	2	44,475	4,625	(19,788)	52,375	–	52,375

Consolidated Statement of Cash Flows

For the year ended 31 March 2010

	Note	**2010** **HK$'000**	2009 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax			
– Continuing operations		**(19,953)**	(40,707)
– Discontinued operations		**2,932**	(8,270)
		(17,021)	(48,977)
Adjustments for:			
Amortisation of intangible assets		**2,517**	3,696
Depreciation		**145**	251
Gain on disposal of a subsidiary		**(2,932)**	–
Loss on disposals of property, plant and equipment		**35**	23
Allowance for inventories		**–**	9
Allowance for receivables		**2,361**	8,235
Impairment on goodwill		**–**	17,953
Impairment on other intangible assets		**–**	3,483
Interest income		**(113)**	(635)
Operating loss before working capital changes		**(15,008)**	(15,962)
Decrease in inventories		**–**	8
(Increase)/decrease in trade receivables, prepayments, deposits and other receivables		**(2,470)**	193
Decrease in trade payables, accruals and other payables		**(477)**	(7,151)
Net cash used in operating activities		**(17,955)**	(22,912)
CASH FLOWS FROM INVESTING ACTIVITIES			
Disposal of a subsidiary	*28*	**(246)**	–
Interest received		**113**	635
Purchases of property, plant and equipment		**(322)**	–
Net cash (used in) /generated from investing activities		**(455)**	635

For the year ended 31 March 2010

	Note	**2010** **HK$'000**	2009 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		**38,000**	–
Share issue expenses paid		**(842)**	–
Deposit received from the subscriber of convertible bonds		**2,500**	–
Net cash generated from financing activities		**39,658**	–
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**21,248**	(22,277)
Effect of foreign exchange rate changes		**24**	312
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**22,194**	43,592
CASH AND CASH EQUIVALENTS AT END OF YEAR		**43,466**	21,627
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Bank and cash balances		**43,466**	22,194
Restricted bank deposits		**–**	(567)
		43,466	21,627

1. GENERAL INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 29 February 2000. The Company's domicile was changed to Bermuda by way of de-registration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda with effect from 3 December 2009. The address of its registered office is Claredon House, 2 Church Street, Hamilton HM 11, Bermuda. The address of its principal place of business is 23rd Floor, Sunshine Plaza, 353 Lockhart Road, Wanchai, 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").

In the opinion of the directors of the Company, as at 31 March 2010, 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 (the "HKICPA") that are relevant to its operations and effective for its accounting year beginning on 1 April 2009. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting polices, presentation of the Group's financial statements and amounts reported for the current year and prior years except as stated below.

(a) Presentation of Financial Statements

HKAS 1 (Revised) "Presentation of Financial Statements" affects certain disclosures and presentation of the financial statements. The balance sheet is renamed as the statement of financial position and the cash flow statement is renamed as the statement of cash flows. All income and expenses arising from transactions with non-owners are presented in the statement of comprehensive income, and the total carried to the statement of changes in equity. The owner changes in equity are presented in the statement of changes in equity. HKAS 1 (Revised) also requires disclosures of the reclassification adjustments and tax effects relating to each component of other comprehensive income for the year. HKAS 1 (Revised) has been applied retrospectively.

(b) Operating Segments

HKFRS 8 "Operating Segments" requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. Previously, HKAS 14 "Segment Reporting" required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's 'system of internal financial reporting to key management personnel' serving as the starting point for the identification of such segments. The primary segments reported under HKAS 14 are the same as the segments reported under HKFRS 8. HKFRS 8 has been applied retrospectively.

The segment accounting policies under HKFRS 8 are stated in note 8 to the financial statements.

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 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.

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 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 carrying amount together with any goodwill relating to the subsidiary and also any related accumulated exchange reserve.

Intragroup transactions, balances and unrealised profits 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 portion of interests of minority shareholders in the operating results and net assets of subsidiaries. Minority interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Minority interests are presented in the consolidated statement of comprehensive income as an allocation of profit or loss and total comprehensive income for the year between minority and owners of the Company (majority interests). Losses applicable to the minority in excess of the minority interests in the subsidiary's equity are allocated against the majority interests 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 majority interests until the minority's share of losses previously absorbed by the majority has been recovered.

In the Company's statement of financial position 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Business combination

The purchase method 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 consolidated profit or loss.

Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is measured at cost less accumulated impairment losses. The method of measuring impairment losses of goodwill is the same as that of other assets as stated in the accounting policy (r) below. Impairment losses of goodwill are recognised in consolidated profit or loss and are not subsequently reversed. Goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the acquisition 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 on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(c) Foreign currency transactions *(Continued)*

(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 statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

- Income and expenses for each statement of comprehensive income 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 consolidated profit or loss as part of the gain 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.

(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 recognised in the profit or loss 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 the end of each reporting period.

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 profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Operating leases

Leases that do not substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense 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.

(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 in the statement of comprehensive income, 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position 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 the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

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 profit or loss.

(i) 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 profit or loss.

Impairment losses are reversed in subsequent periods and recognised in profit or loss 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.

(j) Cash and cash equivalents

For the purpose of the statement of cash flows, 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.

(k) 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(l) 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.

(m) Equity instruments

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

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

(o) 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 end of the reporting period.

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

(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 profit or loss 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.

(p) 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 recognised in profit or loss 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 end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(p) Taxation *(Continued)*

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. 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 and associates, and interests in joint ventures, 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 the end of each reporting period 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 end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly 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.

(q) 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(r) Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and other intangible assets except goodwill 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 profit or loss, 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 profit or loss, 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.

(s) 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.

(t) Events after the reporting period

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

4. CRITICAL JUDGEMENTS AND KEY ESTIMATES

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgement that have the most significant effect on the amounts recognised in the financial statements.

Ownership of a subsidiary disposed during the year

As further disclosed in note 28 to the financial statements, the Group disposed of the interests in a subsidiary on 16 November 2009 where the legal ownership of the equity interest of this subsidiary has not been transferred to the purchaser as at the date of disposal and the end of the reporting period. Despite the fact that the relevant legal title of the equity interest has not been fully transferred to the purchaser, the directors consider that the Group's interest has been transferred to the purchaser through contractual arrangement with the purchaser and has de-recognised those equity interest as interests in subsidiary on the grounds the directors expect the transfer of legal title in future should have no major difficulties and the Group ceased control in this subsidiary on 16 November 2009.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, 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 the end of each reporting period whether there is an indication that the other intangible assets may be impaired. If any indication exist, the Group estimates the recoverable amount of 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.

(c) *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

The Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets 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.

(b) Credit risk

The carrying amount of the bank and cash balances, trade and other receivables included in the statement of financial position represents the Group's maximum exposure to credit risk in relation to the Group's financial assets.

The credit risk on cash and bank balances is limited because the counterparties 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 contract between AnyMusic and these 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 contract is renewed annually.

Since there is no independent rating on these customers, the credit risk is controlled by assessing the credit quality of these 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 receivables and other receivables of HK$2,361,000 from these customers is uncertain, as a result the directors determined to make an impairment on the trade receivables and other receivables.

5. FINANCIAL RISK MANAGEMENT *(Continued)*

(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) Categories of financial instruments at 31 March 2010

	2010	2009
	HK$'000	*HK$'000*
Financial assets:		
Loans and receivables (including cash and cash equivalents)	**47,800**	27,350
Financial liabilities:		
Financial liabilities at amortised cost	**1,122**	2,264

(f) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

6. TURNOVER

During the year, the Group is 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. The Group's business in discotheque management ceased on 28 July 2008.

The Group's turnover is as follows:

	2010	2009
	HK$'000	*HK$'000*
Turnover		
Licensing of software income	**1,914**	2,706
Discotheque income	**–**	8
	1,914	2,714
Representing:		
Continuing operations	**1,914**	2,706
Discontinued operations *(note 10)*	**–**	8
	1,914	2,714

7. OTHER INCOME

	2010	2009
	HK$'000	*HK$'000*
Interest income	**113**	635
Sundry income	**53**	294
Gain on disposal of a subsidiary *(note 28)*	**2,932**	–
	3,098	929
Representing:		
Continuing operations	**166**	929
Discontinued operations *(note 10)*	**2,932**	–
	3,098	929

8. SEGMENT INFORMATION

(a) Business segment information

During the year, the Group engaged in the single type business of development and licensing of software and technology for use in connection with the provision of value-added telecommunication services in the PRC. Accordingly, no business segment information is presented for the year ended 31 March 2010.

The segment results for the year ended 31 March 2009 is as follows:

Information about reportable segment profit or loss, assets and liabilities:

	Continuing operations – Licensing of software *HK$'000*	Discontinued operations– Discotheque *HK$'000*	Total *HK$'000*
Year ended 31 March 2009			
Revenue from external customers	**2,706**	**8**	**2,714**
Segment results*	**(34,454)**	**(8,270)**	**(42,724)**
Other material items:			
Depreciation	**(222)**	**–**	**(222)**
Amortisation of other intangible assets	**(3,696)**	**–**	**(3,696)**
Income tax credit	**1,155**	**–**	**1,155**
Other material non-cash items:			
Impairment on goodwill	**(17,953)**	**–**	**(17,953)**
Impairment on other intangible assets	**(3,483)**	**–**	**(3,483)**
Allowance for receivables	**(8,235)**	**–**	**(8,235)**
Allowance for inventories	**–**	**(9)**	**(9)**
As at 31 March 2009			
Segment assets	**24,166**	**1,123**	**25,289**
Segment liabilities	**(292)**	**(33,587)**	**(33,879)**

* The segment loss of the licensing of software and discotheque 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)*

(a) Business segment information *(Continued)*

Reconciliations of reportable segment revenue, profit or loss, assets and liabilities:

	2009 *HK$'000*
Revenue	
Total revenue of reportable segments	2,714
Elimination of discontinued operation	(8)
Consolidated revenue	2,706
Profit or loss	
Total loss of reportable segments	(42,724)
Unallocated amounts:	
Other income	929
Other corporate expense	(6,027)
Elimination of discontinued operation	8,270
Consolidated loss for the year from continuing operations	(39,552)
Assets	
Total assets of reportable segments	25,289
Unallocated amounts:	
Property, plant and equipment	26
Prepayments, deposits and other receivables	525
Bank and cash balances	12,452
Consolidated total assets	38,292
Liabilities	
Total liabilities of reportable segments	33,879
Elimination of intersegment liabilities	(30,078)
Unallocated amounts:	
Accruals and other payables	665
Deferred tax liabilities	857
Consolidated total liabilities	5,323

8. SEGMENT INFORMATION *(Continued)*

(b) Geographical information

For the two years ended 31 March 2009 and 2010, all the Group's revenue are derived from customers and operations based in the PRC.

As at 31 March 2009 and 2010, the Group's major non-current assets are all located in the PRC.

(c) Information about major customers

The Group's customers base included two (2009: two) customers with whom transactions have exceeds 10% of the Group's revenue. For the year ended 31 March 2010, revenue from these customers amounted to approximately HK$1,914,000 (2009: HK$2,684,000).

9. INCOME TAX CREDIT

	2010	2009
	HK$'000	*HK$'000*
Current tax – PRC taxation		
Provision for the year	**–**	–
Over-provision in prior years	**–**	–
	–	–
Deferred tax *(note 24)*	**101**	1,155
	101	1,155
Representing:		
Continuing operations	**101**	1,155
Discontinued operations *(note 10)*	**–**	–
	101	1,155

No provision for Hong Kong or overseas profits tax is required since the Group has no assessable profit for the year. (2009: Nil).

9. INCOME TAX CREDIT *(Continued)*

The reconciliation between the income tax credit and the product of loss before tax multiplied by the Hong Kong Profits Tax rate is as follows:

	2010	2009
	HK$'000	*HK$'000*
Loss before income tax	**17,021**	48,977
Calculated at a taxation rate of 16.5%	**2,808**	8,081
Effect of different taxation rates in other countries	**(237)**	767
Income not subject to taxation	**480**	87
Expenses not deductible for taxation purposes	**(1,999)**	(7,890)
Tax losses not recognised *(note 24)*	**(951)**	(768)
Tax effect of timing difference previously not recognised	**–**	878
Income tax credit	**101**	1,155

10. DISCONTINUED OPERATIONS

During the financial year ended 31 March 2009, the Group ceased its discotheque business on 28 July 2008.

(a) The profit/ (loss) for the year from the discontinued operations is analysed as follows:

	2010	2009
	HK$'000	*HK$'000*
Loss of discontinued operations	**–**	(8,270)
Gain on disposal of discontinued operations *(note 28)*	**2,932**	–
	2,932	(8,270)

10. DISCONTINUED OPERATIONS *(Continued)*

(b) The results of the discontinued operations which have been included in the consolidated profit or loss are as follows:

	2010	2009
	HK$'000	*HK$'000*
Turnover	**–**	8
Cost of sales and service rendered	**–**	(1,323)
Gross loss	**–**	(1,315)
Administrative expenses	**–**	(1,997)
Other operating expenses	**–**	(4,958)
Loss before tax	**–**	(8,270)
Income tax expenses	**–**	–
Loss for the year	**–**	(8,270)

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

	2010	2009
	HK$'000	*HK$'000*
Operating cash flows	**–**	(13,961)
Investing cash flows	**(246)**	–
Financing cash flows	**–**	11,108
	(246)	(2,853)

10. DISCONTINUED OPERATIONS *(Continued)*

(d) Expenses by nature for the discontinued operations:

	2010	2009
	HK$'000	*HK$'000*
Cost of inventories sold	**–**	9
Operating leases charges on land and buildings	**–**	871
Allowance for inventories	**–**	9
Staff costs excluding directors' emoluments		
Wages and salaries	**–**	1,006
Social security costs	**–**	118
Pension costs – defined contribution plans	**–**	–
	–	1,124

11. EXPENSES BY NATURE – CONTINUING OPERATIONS

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

	2010	2009
	HK$'000	*HK$'000*
Amortisation of other intangible assets (included in other operating expenses)	**2,517**	3,696
Depreciation	**145**	251
Loss on disposals of property, plant and equipment	**35**	23
Operating lease charges on land and buildings	**961**	491
Auditor's remuneration	**600**	600
Impairment on other intangible assets (included in other operating expenses)	**–**	3,483
Allowance for receivables (included in other operating expenses)	**2,361**	8,235
Impairment on goodwill (included in other operating expenses)	**–**	17,953
Staff costs excluding directors' emoluments		
Wages and salaries	**2,901**	1,848
Social security costs	**89**	102
Pension costs – defined contribution plans	**44**	44
	3,034	1,994

12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

The emoluments of each director were as follows:

Year ended 31 March 2010	Fees HK$'000	Salaries and allowances HK$'000	Employer's contribution to pension scheme HK$'000	Total HK$'000
Executive Directors				
Chan Chi Ming, Alvin *(note (a))*	–	320	7	327
Luk Hong Man, Hammond *(note (a))*	–	320	7	327
Etsuko Hoshiyama	–	1,030	12	1,042
Takeyasu Hashizume *(note (b))*	–	–	–	–
Etsuro Tojo *(note (b))*	–	619	–	619
Hiroshige Tonomura *(note (b))*	–	–	–	–
Wang Kefei *(note (b))*	–	895	–	895
Hidenori Nakai *(note(b))*	–	–	–	–
	–	3,184	26	3,210
Independent Non-Executive Directors				
Chan Chi Yuen *(note (c))*	48	–	–	48
Zhang Xi *(note (a))*	56	–	–	56
Yeung Wai Hung, Peter *(note (d))*	49	–	–	49
Wong Kam Choi *(note (e))*	–	–	–	–
Seiichi Nakaoda *(note (f))*	30	–	–	30
Kwong Pui Kei *(note (f))*	30	–	–	30
Chan Hing Keung, Wilson *(note (f))*	30	–	–	30
	243	–	–	243
Total for 2010	243	3,184	26	3,453

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

Year ended 31 March 2009	Fees HK$'000	Salaries and allowances HK$'000	Employer's contribution to pension scheme HK$'000	Total HK$'000
Executive Directors				
Takeyasu Hashizume *(note (b))*	–	–	–	–
Etsuro Tojo *(note (b))*	–	1,211	–	1,211
Etsuko Hoshiyama	–	949	12	961
Hiroshige Tonomura *(note (b))*	–	–	–	–
Wang Kefei *(note (b))*	–	1,857	–	1,857
Hidenori Nakai *(note(g), (b))*	–	–	–	–
Tetsuo Mori *(note (h))*	–	–	–	–
	–	4,017	12	4,029
Independent Non-Executive Directors				
Seiichi Nakaoda *(note (f))*	60	–	–	60
Kwong Pui Kei *(note (f))*	60	–	–	60
Law Kar Ping *(note (i))*	5	–	–	5
Chan Hing Keung, Wilson *(note (j), (f))*	55	–	–	55
	180	–	–	180
Total for 2009	180	4,017	12	4,209

(a) Appointed on 1 September 2009
(b) Resigned on 29 September 2009
(c) Appointed on 30 September 2009
(d) Appointed on 5 November 2009
(e) Appointed on 14 April 2010
(f) Resigned on 30 September 2009
(g) Appointed 10 April 2008
(h) Resigned on 10 April 2008
(i) Resigned on 1 May 2008
(j) Appointed on 1 May 2008

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 (2009: three) directors whose emoluments are reflected in the analysis presented above. The emoluments of the remaining two (2009: two) individuals are set out below:

	2010	2009
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	**880**	771
Pension costs – defined contribution plans	**23**	36
	903	807

The emoluments fell within the following bands:

	Number of individuals	
	2010	2009
Nil to HK$1,000,000	**2**	2

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 OWNERS OF THE COMPANY

The loss for the year attributable to owners of the Company included a loss of approximately HK$33,090,000 (2009: HK$51,751,000) which has been dealt with in the financial statements of the Company.

14. DIVIDENDS

The Board does not recommend the payment of any dividend (2009: HK$ Nil) in respect of the year.

15. BASIC LOSS PER SHARE

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

	2010	2009
Continuing operations		
Loss attributable to owners of the Company (HK$'000)	**(19,852)**	(39,552)
Weighted average number of ordinary shares in issue (thousands)	**2,085,402**	1,926,114
Basic loss per share (HK cents per share)	**(0.9 cents)**	(2.1 cents)
Discontinued operations		
Gain/(loss) attributable to owners of the Company (HK$'000)	**2,932**	(8,270)
Weighted average number of ordinary shares in issue (thousands)	**2,085,402**	1,926,114
Basic gain/(loss) per share (HK cents per share)	**0.1 cents**	(0.4 cents)
Total		
Loss attributable to owners of the Company (HK$'000)	**(16,920)**	(47,822)
Weighted average number of ordinary shares in issue (thousands)	**2,085,402**	1,926,114
Basic loss per share (HK cents per share)	**(0.8 cents)**	(2.5 cents)

No diluted loss per share are presented as the Company did not have any dilutive potential ordinary shares during the two years ended 31 March 2010.

16. PROPERTY, PLANT AND EQUIPMENT

	Group				
	Leasehold improvement HK$'000	Office equipment, furniture and fixtures HK$'000	Computer equipment HK$'000	Discotheque equipment HK$'000	Total HK$'000
Cost					
At 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 and 1 April 2009	48	188	604	–	840
Additions	–	170	152	–	322
Disposals	(48)	(164)	(247)	–	(459)
Exchange differences	–	–	1	–	1
At 31 March 2010	–	194	510	–	704
Accumulated depreciation and impairment					
At 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 and 1 April 2009	26	183	396	–	605
Charge for the year	18	10	117	–	145
Disposals	(44)	(164)	(216)	–	(424)
Exchange differences	–	–	1	–	1
At 31 March 2010	–	29	298	–	327
Carrying amount					
At 31 March 2010	–	165	212	–	377
At 31 March 2009	22	5	208	–	235

17. GOODWILL

	Group
	HK'000
Cost	
At 1 April 2008	41,090
Exchange differences	949
At 31 March 2009 and 1 April 2009	42,039
Disposed of a subsidiary *(note 28)*	(24,086)
Exchange differences	60
At 31 March 2010	18,013
Accumulated impairment losses	
At 1 April 2008	23,519
Impairment loss recognised	17,953
Exchange differences	567
At 31 March 2009 and 1 April 2009	42,039
Disposed of a subsidiary (note 28)	(24,086)
Exchange differences	60
At 31 March 2010	18,013
Carrying amount	
At 31 March 2010	–
At 31 March 2009	–

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

	2010	2009
	HK$'000	*HK$'000*
Licensing of software		
– AnyMusic	**18,013**	17,953
Discotheque management		
– Shanghai Rojam Entertainment Company Limited ("Shanghai Rojam")	**–**	24,086
	18,013	42,039

17. GOODWILL *(Continued)*

Licensing of software operation – AnyMusic

The recoverable amounts of the CGU 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 CGU. The growth rates are based on long-term average economic growth rate of the geographical area in which the businesses of the CGU 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 assessment, goodwill of HK$17,953,000 was allocated to the licensing of software segment. Due to changes in market conditions, the Group has revised its cash flow forecasts for this CGU during the year ended 31 March 2009. The goodwill allocated to the licensing of software segment has therefore been fully impaired during the year ended 31 March 2009.

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 conditions, the Group revised its business plan and ceased the operations of Rojam Disco on 24 December 2007. The goodwill allocated therefore was fully impaired during the year ended 31 March 2008.

On 16 November 2009, the Group entered into a sales and purchase agreement with an independent third party whereby the Group agreed to dispose of it's entire equity interests in Shanghai Rojam at a consideration of RMB36,000. Please refer to note 28 for details of the disposal.

18. OTHER INTANGIBLE ASSETS

	Group			
	Computer software *HK$'000*	**Club debenture** *HK$'000*	**Customer contracts** *HK$'000*	**Total** *HK$'000*
Cost				
At 1 April 2008	36	562	18,020	18,618
Exchange differences	1	12	391	404
At 31 March 2009 and 1 April 2009	37	574	18,411	19,022
Exchange difference	1	1	61	63
At 31 March 2010	38	575	18,472	19,085
Accumulated amortisation and impairment loss				
At 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 differences	–	1	52	53
At 31 March 2009 and 1 April 2009	2	24	9,465	9,491
Amortisation for the year	1	16	2,500	2,517
Exchange difference	–	–	37	37
At 31 March 2010	3	40	12,002	12,045
Carrying amount				
At 31 March 2010	35	535	6,470	7,040
At 31 March 2009	35	550	8,946	9,531

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 reviews led to the recognition of an impairment loss of HK$3,483,000 for customer contracts which has been recognised in profit or loss for the year ended 31 March 2009. The recoverable amount of the customer contracts has been determined on the basis of its value in use. The discount rate used in measuring the value in use was 19.8%.

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 2010, the computer software has a remaining amortisation period of 4 years.

Club debenture

Club debenture represents acquired membership in a golf club. As at 31 March 2010, the club debenture has a remaining amortisation period of 31 years.

Customer contracts

Customer contracts represent 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 2010, the customer contracts have a remaining amortisation period of 2.6 years.

19. INVESTMENTS IN SUBSIDIARIES

	Company	
	2010	2009
	HK$'000	*HK$'000*
Unlisted investments, at cost	**81,486**	81,485
Less: Impairment losses	**(81,485)**	(81,485)
	1	–

Particulars of the subsidiaries as at 31 March 2010 are as follows:

Name	Place of incorporation/ registration and operation	Issued and paid up capital	Percentage of ownership interest/ voting power/profit sharing Direct	Indirect	Principal activities
Rojam Entertainment Limited	Hong Kong	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	British Virgin Islands	1 ordinary share of US$1	100%	–	Investment holding

19. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Name	Place of incorporation/ registration and operation	Issued and paid up capital	Percentage of ownership interest/ voting power/profit sharing Direct	Indirect	Principal activities
AnyMusic Limited	PRC	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.
Dynasty Choice Development Limited	Hong Kong	100 ordinary shares of HK$1 each	100%	–	Dormant
Oriental Brand Limited	British Virgin Islands	100 ordinary shares of US$1 each	100%	–	Dormant

AnyMusic Limited is a wholly owned foreign enterprise established in the PRC.

The above list contains the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group.

20. AMOUNTS DUE FROM SUBSIDIARIES

The amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment. As at 31 March 2010, an allowance was made for estimated irrecoverable amount due from subsidiaries of approximately HK$137,392,000 (2009: HK$111,359,000).

21. TRADE RECEIVABLES

The Group's trading terms with customers from licensing operation are mainly on credit, the credit term is generally 30 days. The carrying amounts of the Group's trade receivables are denominated in Renminbi which is the functional currency of the operating subsidiary.

21. TRADE RECEIVABLES *(Continued)*

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

	Group	
	2010	2009
	HK$'000	*HK$'000*
0 – 30 days	**–**	253
31 – 90 days	**–**	–
91 – 180 days	**7**	–
181 – 365 days	**31**	–
	38	253

As at 31 March 2010, an allowance was made for estimated irrecoverable trade receivables of approximately HK$4,820,000 (2009: HK$4,040,000).

Reconciliation of the allowance for trade receivables:

	2010	2009
	HK$'000	*HK$'000*
At beginning of year	**4,040**	–
Impairment loss recognised	**765**	4,040
Exchange differences	**15**	–
At end of year	**4,820**	4,040

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

	Group	
	2010	2009
	HK$'000	*HK$'000*
31 – 90 days	**–**	–
91 – 180 days	**7**	–
Over 180 days	**31**	–
	38	–

22. BANK AND CASH BALANCES

As at 31 March 2010, bank and cash balances of the Group are denominated in the following currencies:

	Group	
	2010	2009
	HK$'000	*HK$'000*
Hong Kong Dollars	**33,284**	799
Renminbi	**5,692**	9,741
US Dollars	**4,383**	11,558
Japanese Yen	**107**	62
New Taiwan Dollars	**–**	34
	43,466	22,194

	Company	
	2010	2009
	HK$'000	*HK$'000*
Hong Kong Dollars	**32,664**	708
US Dollars	**4,379**	11,555
Japanese Yen	**101**	59
	37,144	12,322

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.

23. TRADE PAYABLES

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

	2010	2009
	HK$'000	*HK$'000*
0 to 90 days	**–**	7
91 to 180 days	**2**	–
	2	7

The carrying amount of the Group's trade payables are denominated in Renminbi.

24. DEFERRED TAX

The following are the deferred tax liabilities recognised by the Group and the movements thereon.

	Other intangible assets
	HK$'000
At 1 April 2008	1,969
Exchange differences	43
Credit to profit or loss for the year *(note 9)*	(1,155)
At 31 March 2009 and 1 April 2009	857
Exchange difference	3
Credit to profit or loss for the year *(note 9)*	(101)
At 31 March 2010	759

At the end of reporting period the Group has unused tax losses of HK$33,749,000 (2009: HK$26,392,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such losses (2009: Nil) due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of HK$870,000, HK$642,000 and HK$1,595,000 (2009: HK$870,000, HK$642,000 and Nil) that will expire in 2012, 2013 and 2014 respectively. Other tax losses may be carried forward indefinitely.

25. SHARE CAPITAL

	Note	Number of Shares	Amount HK$'000
Authorised:			
Ordinary shares of HK$0.01 (2009: HK$0.10) each			
At 1 April 2008 and 31 March 2009		5,000,000,000	500,000
Subdivision of shares	*(b)(ii)*	45,000,000,000	–
At 31 March 2010		50,000,000,000	500,000
Issued and fully paid:			
Ordinary shares of HK$0.01 (2009: HK$0.10) each			
At 1 April 2008 and 31 March 2009		1,926,114,403	192,611
Issue of shares on placement	*(a)*	380,000,000	38,000
Reduction of the issued share capital	*(b)(i)*	–	(207,550)
At 31 March 2010		2,306,114,403	23,061

Notes:

(a) On 5 October 2009, the Company and the placing agent – Kingston Securities Limited entered into a conditional placing agreement in respect of the placement of 380,000,000 shares to independent investors at a price of HK$0.10 per share. The placement was completed on 30 October 2009 and the transaction costs attributable to the placement of approximately HK$842,000 were debited to the Company's accumulated losses account in equity.

(b) The special resolution in relation to the capital reorganisation of the Company was passed by the Company's shareholders on 19 November 2009 (the "Capital Reorganisation") and the Capital Reorganisation became effective on 22 December 2009.

Pursuant to the Capital Reorganisation, the capital of the Company is reorganised in the following manner:

(i) reduction of the issued share capital of the Company through reducing the par value of each of the issued shares from HK$0.10 each to HK$0.01 each by cancelling the paid-up capital of the Company to the extent of HK$0.09 on each of the issued shares;

(ii) subdivision of each authorised but unissued share of HK$0.10 into 10 new shares of HK$0.01 each;

(iii) the transfer of the credit of approximately HK$207,550,000 arising from the capital reduction mentioned in note 25(b)(i) to the contributed surplus account of the Company; and

(iv) the utilisation of the credits standing to the contributed surplus account of the Company to offset the accumulated losses of the Company of approximately HK$163,075,000 in full on the date the Capital Reorganisation becoming effective.

25. SHARE CAPITAL *(Continued)*

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.

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 2010, 75.61% (2009: 25.66%) of the shares were in public hands.

26. RESERVES

(a) Group

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

(b) Company

	Share premium account *HK$'000*	Contributed surplus *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*
At 1 April 2008	2	–	(105,478)	(105,476)
Loss for the year	–	–	(51,751)	(51,751)
At 31 March 2009 and at 1 April 2009	2	–	(157,229)	(157,227)
Issue of shares on placement *(note 25 (a))*	–	–	(842)	(842)
Capital reduction and transfer *(note 25 (b)(i) and (iii))*	–	207,550	–	207,550
Transfer *(note 25 (b)(iv))*	–	(163,075)	163,075	–
Loss for the year	–	–	(33,090)	(33,090)
At 31 March 2010	2	44,475	(28,086)	16,391

26. RESERVES *(Continued)*

(c) Nature and purpose of reserves

(i) Share premium account

Share premium represents premium arising from the issue of shares at a price in excess of their par value per share. The application of the share premium account is governed by the Bermuda Companies Act.

(ii) Contributed surplus

The contributed surplus arose in the year represented the net effect of the capital reduction and the elimination of accumulated losses of the Company as a result of the Capital Reorganisation of the Company as described in note 25(b).

Under the Companies Act of Bermuda, the contributed surplus account of the Company is available for distribution. However the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

– it is, or would after the payment be, unable to pay its liabilities as they become due; or

– the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

(iii) 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.

27. SHARE-BASED PAYMENTS

Equity-settled share option scheme

The Company has adopted a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the development and growth of the Group and are invited at director's discretion. Eligible participants include full-time and part-time employees, executive Directors, non-executive Directors, suppliers, customers, advisors, consultants, agents, contractors, and shareholders of any member of the Company. The Scheme was approved by the shareholders of the Company on 19 November 2009. Unless otherwise cancelled or amended, the Scheme will remain in force for 10 years.

The maximum number of shares to be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme must not exceed 30% of the issued share capital of the Company from time to time. The total number of shares which may be issued upon exercise of all share options to be granted under the Scheme must not in aggregate exceed 10% of the total number of shares in issue as at 19 November 2009. The Company might seek approval of the Company's shareholders in general meeting for refreshing the 10% limit under the Scheme save that the total number of shares which may be issued upon exercise of all options to be granted under the Scheme under the limit as refreshed shall not exceed 10% of the total number of shares in issue as at the date of approval of the limit. The maximum number of shares issuable under share options to each eligible participant (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the shares of the Company in issue at any time. Any further grant of shares options in excess of this limit is subject to shareholders' approval in a general meeting with such participant and his associates abstaining from voting.

27. SHARE-BASED PAYMENTS *(Continued)*

Equity-settled share option scheme *(Continued)*

Share options granted to a Director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive Director. In addition, any share options granted to a substantial shareholder or an independent non-executive Director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the price of the Company's shares at the date of the grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 28 days from the date of the offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the Directors, and commences after a certain vesting period and ends on a date which is not later than ten years from the date of the offer of the share options subject to the provisions for early termination thereof.

The exercise price of the share options is determinable by the Directors, but may not be less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of the offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company's shares on the date of the offer.

Share options do not confer rights on the holder to dividends or to vote at shareholders' meetings.

As at 31 March 2010, no options had been granted under the Scheme.

28. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Disposal of a subsidiary – Shanghai Rojam

On 16 November 2009, Rojam Investment Limited ("Rojam Investment"), a wholly owned subsidiary of the Company entered into a sale and purchase agreement with an independent third party (the "Purchaser") whereby Rojam Investment agreed to dispose of its entire 90% equity interest in Shanghai Rojam at a consideration of RMB36,000 (approximately HK$40,734) to the Purchaser.

At the date of disposal and at the end of the reporting period, the legal ownership of the equity interest in Shanghai Rojam has not yet been fully transferred to the Purchaser. Rojam Investment has entered a contractual arrangement with the Purchaser so that the decision-making rights, operating and financial activities of Shanghai Rojam become effectively controlled by the Purchaser on 16 November 2009. The Purchaser is also entitled to the entire 90% of the operating results generated by Shanghai Rojam since the date of disposal under the arrangement. Based on the above, the Directors consider that the Group ceased control in Shanghai Rojam and the Group's interest have been disposed of on 16 November 2009.

28. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

Disposal of a subsidiary – Shanghai Rojam *(Continued)*

The net liabilities at the date of disposal were as follows:

	HK$'000
Prepayments, deposits and other receivables	568
Bank and cash balances	287
Accruals and other payables	(2,867)
Net liabilities disposed of	(2,012)
Release of exchange reserve	(204)
Minority interests	(675)
Gain on disposal of a subsidiary	2,932
Total consideration – satisfied by cash	41
Net cash outflow arising on disposal:	
Cash consideration received	41
Cash and cash equivalents disposed of	(287)
	(246)

29. LEASE COMMITMENTS

At 31 March 2010 the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2010 **HK$'000**	2009 *HK$'000*
Within one year	**581**	448
In the second to fifth years inclusive	**–**	–
After five years	**–**	–
	581	448

Operating lease payments represent rentals payable by the Group for certain of its offices. Leases are negotiated for an average term of 1 year and rentals are fixed over the lease terms and do not include contingent rentals.

30. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the financial statements, the Group had the following transactions with its related parties during the year:

(a) On 5 August 2009, Yoshimoto Fandango Co., Ltd. ("Fandango", a company incorporated in Japan) and Faith, Inc. ("Faith" a company incorporated in Japan), the then Company's substantial shareholders entered into a conditional agreement with Marvel Bonus Holdings Limited in relation to the sale and purchases of shares in the Company. The transaction was completed on 21 August 2009 (the "Completion Date"). As a result and upon the completion of the transaction, Fandango and Faith ceased to be the Company's substantial shareholders.

(b)

	Note	**2010**	2009
		HK$'000	*HK$'000*
Substantial shareholder of the Company			
Faith, Inc.			
– reimbursement of operating expense	*(i)*	**703**	1,470
Minority equity holder of Shanghai Rojam			
Shanghai Huanyu Import and Export Company Limited			
– management fee paid	*(ii)*	**500**	500

(i) Reimbursement of operating expenses is recharged on an actual basis. The amount shown represents the reimbursement up to the Completion Date.

(ii) 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 equity holder 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 equity holder is recognised as management fee paid or payable to the minority equity holder in the consolidated statement of comprehensive income.

31. EVENT AFTER THE REPORTING PERIOD

On 30 September 2009, the Company entered into the following agreements with Golden Coach Limited (the "Subscriber"):

(i) a conditional convertible bonds subscription agreement whereby the Company conditionally agreed to issue and the Subscriber conditionally agreed to subscribe for the convertible bonds in the principal amount of HK$25,000,000, and

(ii) An options subscription agreement whereby the Company, in consideration of the option fee being HK$2,500,000 which is payable by the Subscriber upon completion, conditionally agreed to grant to the Subscriber options to subscribe for 250,000,000 option shares at option price during the option period.

The convertible bonds subscription agreement and the options subscription agreement were completed on 30 April 2010.

32. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 18 June 2010.