ROJAM ENTERTAINMENT HOLDINGS LIMITED

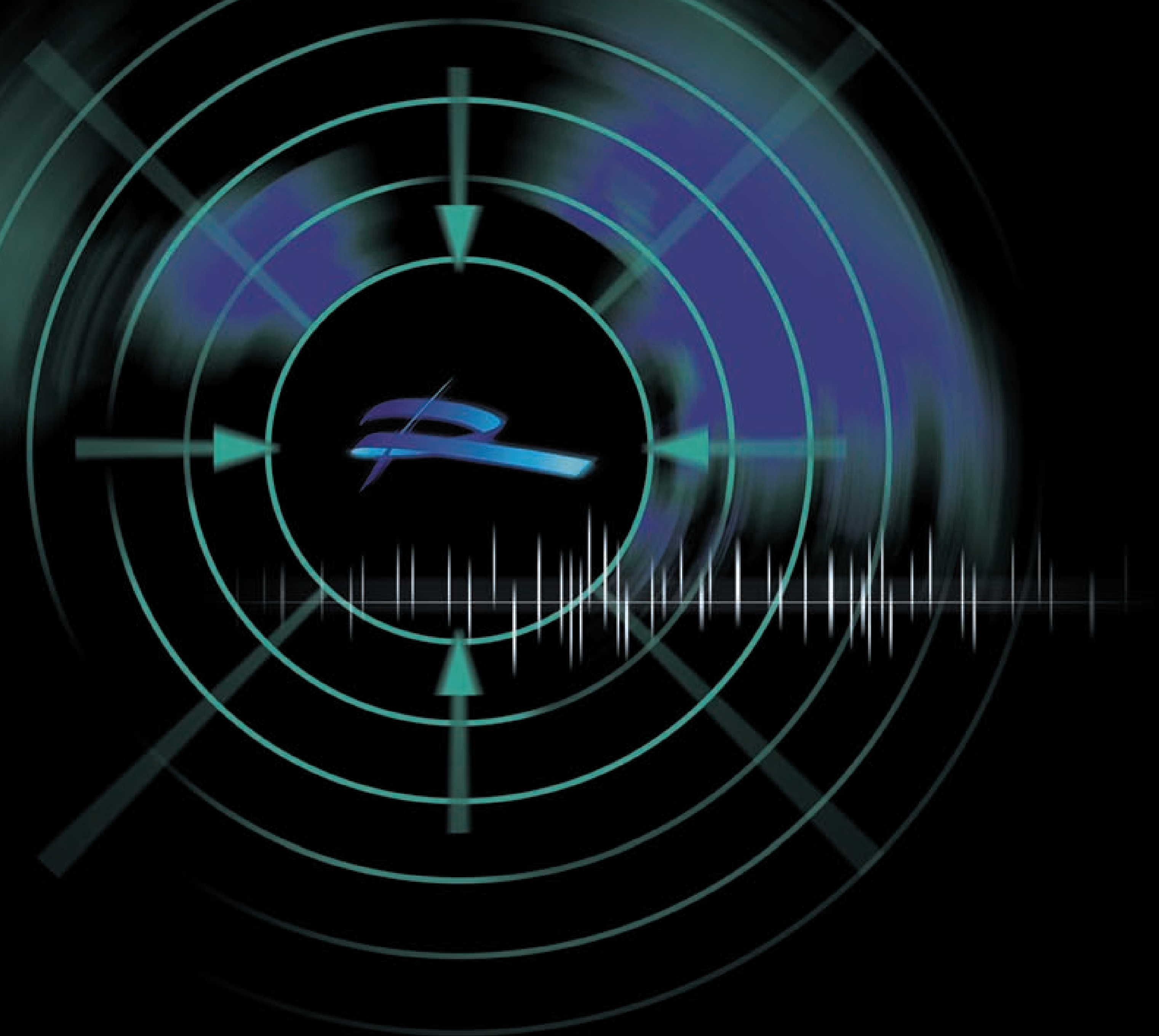
(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

Stock Code: 8075

2010/2011 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.

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This report, for which the directors of Rojam Entertainment Holdings Limited (the "Directors") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of The Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to Rojam Entertainment Holdings Limited. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief 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

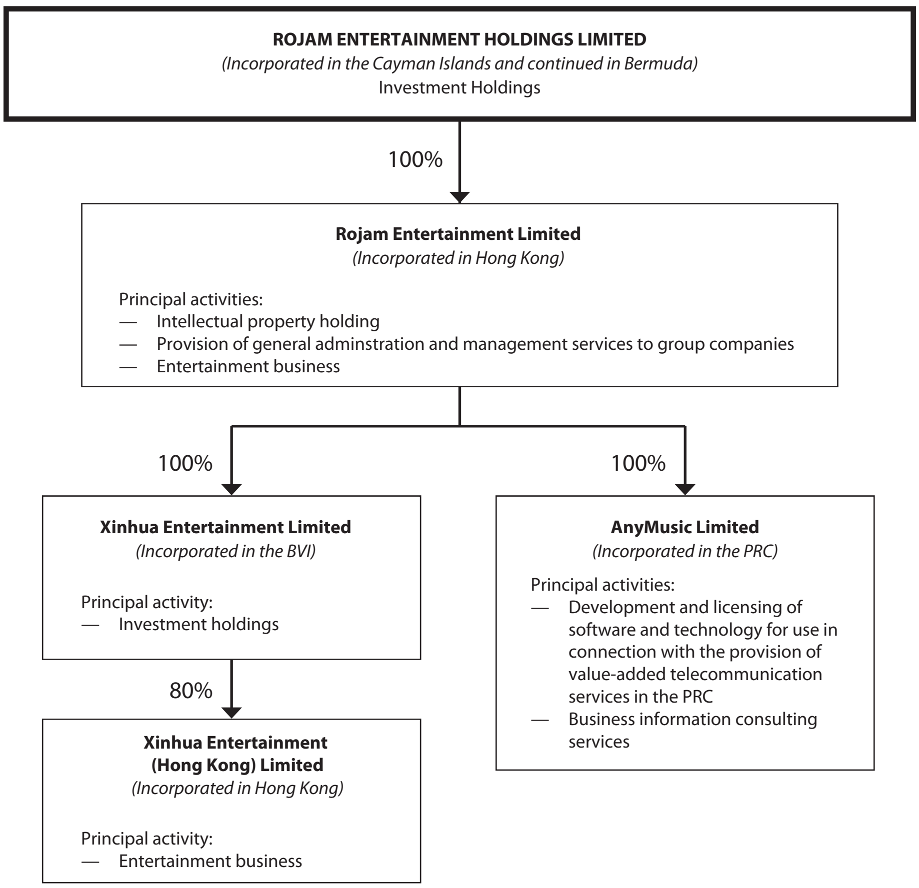
HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE
Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Hong Kong

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 significant subsidiaries (collectively known as the "Group") up to the date of this report.



Financial Summary

	2011	2010	2009	2008	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Results for the year ended 31 March (continuing operations and discontinued operations)					
Turnover	**9,592**	1,914	2,714	6,677	524,582
(Loss)/Profit before income tax	**(45,736)**	(17,021)	(48,977)	(62,795)	42,601
Loss attributable to owners of the Company and non-controlling interests	**(45,468)**	(16,920)	(47,822)	(63,205)	(68,249)
Assets and liabilities					
Total assets	**47,719**	56,756	38,292	93,056	380,547
Total liabilities	**(24,676)**	(4,381)	(5,323)	(13,378)	(13,733)
Net assets	**23,043**	52,375	32,969	79,678	366,814

Management Discussion and Analysis

BUSINESS REVIEW

Licensing of software business

The Group is engaged in the development and licensing of computer software for use in connection with the provision of value-added telecommunication services in respect of the digital distribution of ringtones, games and media content to mobile phone users in the People's Republic of China (the "PRC") through AnyMusic Limited ("AnyMusic"), an indirect wholly-owned subsidiary of the Group.

Due to fierce competition in the industry, turnover from the licensing business significantly dropped in the first quarter of the year ended 31 March 2011. The management had made every effort to improve the operations. As a result of the continuous efforts and measures taken by the Group, the licensing business had been improved during the second and third quarters of the year. Turnover from the licensing business for the year ended 31 March 2011 amounted to approximately HK$2.0 million.

Entertainment business

To develop and expand business of the Group and strengthen income stream, the Group appointed an agent (the "Agent") in August 2010 for soliciting, referring and sourcing customers and managing, supervising and monitoring projects relating to entertainment business for the Group in the territory including the PRC, Hong Kong, Macau and Taiwan.

The Agent has referred to the Group music concert events and other event management projects. Most successful event organised by the Group during the year ended 31 March 2011 was a concert of a renowned artist in one of the major cities in the PRC. The tickets income from this concert amounted to approximately HK$6.2 million. The turnover from entertainment business during the year ended 31 March 2011 amounted to approximately HK$7.6 million.

FINANCIAL REVIEW

Overall performance

During the year ended 31 March 2011 the Group recorded turnover of approximately HK$9.6 million, representing 400% increase from that of approximately HK$1.9 million in the previous financial year. The significant increase in the turnover of the Group was mainly attributable to revenue derived from event organisation in the PRC. The Group's loss from continuing operations before income tax for the year was approximately HK$45.7 million, a 129% increase compared to that of approximately HK$20.0 million for the year ended 31 March 2010. Loss attributable to owners of the Company for the year was approximately HK$43.9 million, compared to loss attributable to owners of the Company of approximately HK$16.9 million in the previous financial year.

Segment results

The revenue generated from the licensing of software business for the year ended 31 March 2011 was approximately HK$2.0 million, slightly increased from revenue of approximately HK$1.9 million for the year ended 31 March 2010. Segment profit for the year ended 31 March 2011 was approximately HK$1.3 million.

The revenue generated from entertainment business was approximately HK$7.6 million. The segment loss for the year ended 31 March 2011 was HK$3.2 million.

Cost of sales and operating expenses

Cost of sales increased by 557% to approximately HK$7.9 million for the year ended 31 March 2011 from approximately HK$1.2 million for the previous financial year. The increase in the cost of sales corresponded with the increase in turnover from entertainment business during the financial year. Operating expenses increased by 120% to approximately HK$45.7 million from approximately HK$20.8 million. The increase in operating expenses was mainly due to the increased expenses associated with the expansion and development of existing business and incurred in relation to the feasibility study of potential business. Finance costs being the effective interest expenses on the outstanding principal amount of the convertible bonds was approximately HK$1.8 million for the year ended 31 March 2011.

Income tax credit

The income tax credit was amounted to approximately HK$268,000 for the year ended 31 March 2011, compared to a income tax credit of approximately HK$101,000 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 2011, the Group's shareholders' funds decreased by approximately 53% to approximately HK$24.6 million as compared to HK$52.4 million as at 31 March 2010. Total assets amounted to approximately HK$47.7 million (2010: HK$56.8 million), of which current assets amounted to approximately HK$41.7 million (2010: HK$49.3 million). Current liabilities was approximately HK$2.9 million (2010: HK$3.6 million). Net asset value per share was approximately HK$0.01 (2010: HK$0.02). Current ratio was approximately 14.2 (2010: 13.6).

At 31 March 2011, the Group's bank and cash balances decreased to approximately HK$20,449,000 (2010: HK$43,466,000). The balances consist of approximately 67% in Hong Kong dollars, 10% in Renminbi and 22% 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 2011, the Group had net cash outflow of approximately HK$45,641,000 for operating activities and approximately HK$2,368,000 for investing activities and net cash inflow of approximately HK$24,988,000 from financing activities. The decrease in bank and cash balance is mainly due to cash used in operating activities.

At 31 March 2011, the Group had convertible bonds in the principal amount of HK$25,000,000 (2010: Nil). The gearing ratio of the Group, calculated as non-current liabilities to shareholders' funds, was 88.2% (2010: 1.4%).

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 2011, the Group had no outstanding foreign currency hedge contracts (2010: Nil).

CHARGE ON GROUP ASSETS

At 31 March 2011, the Group did not have any charge on its assets (2010: Nil).

CAPITAL STRUCTURE

Details of the movements in share capital of the Company are set out in Note 27 to the consolidated financial statements.

MATERIAL ACQUISITION/DISPOSAL AND SIGNIFICANT INVESTMENTS

The Group had no material acquisitions or disposals of subsidiaries during the year ended 31 March 2011.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities at 31 March 2011 (2010: Nil).

EMPLOYEE INFORMATION

At 31 March 2011, the Group had 16 (2010: 23) full-time employees in Hong Kong and Shenzhen. Staff costs, excluding Directors' emoluments, totalled HK$9,239,000 (2010: HK$3,270,000). 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.

CONVERTIBLE BONDS AND OPTIONS

On 30 April 2010, pursuant to the convertible bonds subscription agreement and options subscription agreement each dated 30 September 2009 entered into between the Company and Golden Coach Limited, the Company issued to Golden Coach Limited (i) the convertible bonds in the principal amount of HK$25,000,000 which would be converted into 500,000,000 ordinary shares of the Company with par value of HK$0.01 each at the price of HK$0.05 per share, and (ii) options to subscribe for 250,000,000 ordinary shares of the Company with par value of HK$0.01 each at the price of HK$0.05 per share. The convertible bonds were converted into 500,000,000 ordinary shares of the Company on 18 April 2011 and the options were exercised and 250,000,000 ordinary shares were issued on 5 May 2011.

SUBSCRIPTION AGREEMENT

On 23 March 2011, the Company entered into a subscription agreement (the "Subscription Agreement") with certain share subscribers and convertible notes subscribers including a wholly-owned subsidiary of eSun Holdings Limited *(Note)*. Pursuant to the Subscription Agreement (i) the Company has conditionally agreed to issue to each share subscriber, and each share subscriber has conditionally agreed to subscribe for shares of the Company (the "Share Subscription"); and (ii) the Company has conditionally agreed to issue to each convertible notes subscriber, and each convertible notes subscriber has conditionally agreed to subscribe for the convertible notes of the Company (the "Convertible Notes Subscription"). The total shares of the Company to be subscribed by the share subscribers comprise 6,918,343,209 shares, representing approximately 299.9% of the entire issued share capital of the Company as at 31 March 2011. The total subscription price payable for the subscription of shares of the Company is HK$118,613,358 and total principal amount payable for the subscription of convertible notes is HK$596,260,579. The net proceeds from the Share Subscription and the Convertible Notes Subscription are expected to be approximately HK$693 million in aggregate. Details of the Subscription Agreement are set out in the circular of the Company dated 21 April 2011.

SUBSCRIPTION AGREEMENT *(Continued)*

The Subscription Agreement was approved by the shareholders of the Company on 12 May 2011.

As at the date of this report, the Subscription Agreement is yet to be completed.

Notes:

eSun Holdings Limited ("eSun") is a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 571). Its principal activity is investment holding and principal activities of its subsidiaries include the development and operation of and investment in media, entertainment, music production and distribution, investment in and production and distribution of film and video format products, the provision of advertising agency services and the sale of cosmetic products.

PROSPECTS

The Group has been striving to explore different business opportunities and models to further strengthen its entertainment business, and the management of the Group has endeavoured to explore opportunities to broaden the Group's income stream through business and/or assets acquisition. The Share Subscription and Convertible Notes Subscription, apart from bringing new capital to the Group for further development of its existing business and acquisition(s) of business and/or asset should suitable opportunities arise, will also broaden the shareholder base of the Company. In particular, it is expected that the Group may leverage on the established business networks of eSun to gradually diversify its entertainment business into other sectors such as music, film, artiste management, internet content licensing and television drama with primary focus in the PRC and Macau markets. It is intended that, upon completion of the Share Subscription and Convertible Notes Subscription, eSun and the Group will carry out their different segments of media and entertainment business in different geographical areas with a view to fully utilising their respective business platforms. The Directors consider that the aforesaid arrangement will also enhance the operational efficiency and cost effectiveness of the Group and thereby maximise return to the shareholders of the Company.

Directors and Senior Management Profile

EXECUTIVE DIRECTORS

Ms. Etsuko Hoshiyama, aged 49, 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 20 years of experiences in the area of business administration, business development, and tax and business consulting.

Mr. Chan Chi Ming, Alvin, aged 42, has over 16 years of experience in the financial sector. He joined the Group and was appointed to the Board on 1 September 2009 and has been responsible for corporate finance and investment. Prior to joining the Group, Mr. Chan gained extensive regional asset management experience for investment portfolio in Asia during his 11 years of employment in management positions with Winterthur Group, a member company of Credit Suisse Group. Mr. Chan obtained a bachelor's degree in science (mathematics and statistics) from University of Western Ontario in Canada in 1994 and received the Chartered Financial Analyst (CFA) designation in 2000.

Mr. Luk Hong Man, Hammond, aged 30, 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 in 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, the Hong Kong Institute of Chartered Secretaries, and a member of the Hong Kong Institute of Directors.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Chi Yuen, aged 44, 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), China Grand Forestry Green Resources Group Limited (stock code: 910) and U-RIGHT International Holdings Limited (stock code: 627). Mr. Chan is also a non-executive director of New Times Energy Corporation Limited (stock code: 166). Mr. Chan was an executive director of Kong Sun Holdings Limited (stock code: 295) from February 2007 to November 2009, Amax Holdings Limited (stock code: 959) from August 2005 to January 2009 and China E-Learning Group Limited (stock code: 8055) from July 2007 to September 2008, and an independent non-executive director of The Hong Kong Building and Loan Agency Limited (stock code: 145) from October 2009 to February 2011, Richly Field China Development Limited (stock code: 313) from February 2009 to August 2010 and Superb Summit International Timber Company Limited (stock code: 1228) from April 2007 to June 2010.

INDEPENDENT NON-EXECUTIVE DIRECTORS *(Continued)*

Mr. Zhang Xi, aged 41, 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.

Mr. Yeung Wai Hung, Peter, aged 53, 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 currently an independent non-executive director of The Hong Kong Buildings and Loan Agency Limited (stock code: 145). Mr. Yeung 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, among others, merger and acquisitions, and commercial contracts.

Mr. Wong Kam Choi, aged 44, 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.

Corporate Governance Report

The Board of the Company is pleased to present this Corporate Governance Report in the annual report for the year ended 31 March 2011.

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 2011, save for the following deviation:

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.

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 2011.

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 fifteen Board meetings held in the financial year ended 31 March 2011. Individual attendance of each Board member at these meetings is as follows:

Name of Director	**Attended/ Eligible to attend**
Executive Directors	
Etsuko Hoshiyama	15/15
Chan Chi Ming, Alvin	15/15
Luk Hong Man, Hammond	15/15
Independent Non-executive Directors	
Zhang Xi	8/15
Chan Chi Yuen	9/15
Yeung Wai Hung, Peter	10/15
Wong Kam Choi *(Note)*	6/14

Note: Mr. Wong Kam Choi was appointed on 14 April 2010.

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.

APPOINTMENT, RE-ELECTION AND REMOVAL

According to the Bye-laws 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. 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 2011. Individual attendance of each committee member at these meetings is as follows:

Name of Director	**Attended/ Eligible to attend**
Independent Non-executive Directors	
Zhang Xi	3/4
Chan Chi Yuen	4/4
Yeung Wai Hung, Peter	4/4
Wong Kam Choi *(Note)*	1/4

Note: Mr. Wong Kam Choi was appointed on 14 April 2010.

The audit committee reviewed the Group's audited results for the year ended 31 March 2011 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. 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 2011. Individual attendance of each committee member at these meetings is as follows:

Name of Director	Attended/ Eligible to attend
Independent Non-executive Directors	
Zhang Xi	1/1
Chan Chi Yuen	1/1
Yeung Wai Hung, Peter	1/1
Wong Kam Choi *(Note)*	0/1

Note: Mr. Wong Kam Choi was appointed on 14 April 2010.

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, 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 2010. The remuneration in respect of services provided by RSM for the Group for the year ended 31 March 2011 and 2010 is analysed as follows:

	2011	2010
	HK$'000	*HK$'000*
Audit services	**680**	600
Non-audit services	**—**	38
	680	638

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 2011.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The activities of the subsidiaries are set out in Note 20 to the consolidated 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 consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated income statement on page 27.

The Directors do not recommend the payment of a dividend for the year ended 31 March 2011 (2010: Nil).

RESERVES

Details of the movements in the reserves of the Group and of the Company during the year are set out in Note 28 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in Note 17 to the consolidated financial statements.

CONVERTIBLE BONDS

Details of the convertible bonds are set out in Notes 25 and 34(b) to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in Note 27 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

At 31 March 2011, the Company had no distributable reserves (2010: HK$16,391,000). Distributable reserves are 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 realizable 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 2011.

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
Mr. Luk Hong Man, Hammond

Independent non-executive Directors
Mr. Zhang Xi
Mr. Chan Chi Yuen
Mr. Yeung Wai Hung, Peter
Mr. Wong Kam Choi (appointed on 14 April 2010)

In accordance with By-law 84 of the Company's Bye-laws, Messrs. Zhang Xi, Chan Chi Yuen and Yeung Wai Hung, Peter 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 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 and renewed for one year commencing on 1 September 2010; in the case of Mr. Chan Chi Yuen, Mr. Yeung Wai Hung, Peter and Mr. Wong Kam Choi, each of their service agreements commenced on 30 September 2009, 5 November 2009 and 14 April 2010 respectively, and renewed for one year commencing on 30 September 2010, 5 November 2010 and 14 April 2011 respectively. The service agreement with Ms. Etsuko Hoshiyama is of an initial duration of three years, which commenced on 25 July 2007 and renewed for one year commencing on 25 July 2010. 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 one months' prior written notice.

None of the Directors proposed for re-election at the forthcoming annual general meeting has an unexpired service contract with the Company and/or any of its subsidiaries, which is not determinable by the employing company within one year without payment of compensation, other than statutory compensation.

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

Save as disclosed in related party transactions set out in Note 33 to the consolidated financial statements, no contracts of significance in relation to the Group's business to which the Company or any of 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 2011, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were are follows:

Long positions in underlying shares of the Company

Name of Directors	Capacity in which the Underlying shares are held	Interests in underlying shares *(Notes)*	Approximate percentage of total issued shares
Mr. Chan Chi Ming, Alvin	Beneficial owner	23,000,000	1.00%
Mr. Luk Hong Man, Hammond	Beneficial owner	23,000,000	1.00%
Ms. Etsuko Hoshiyama	Beneficial owner	5,800,000	0.25%
Mr. Chan Chi Yuen	Beneficial owner	2,300,000	0.10%
Mr. Zhang Xi	Beneficial owner	2,300,000	0.10%
Mr. Yeung Wai Hung, Peter	Beneficial owner	2,300,000	0.10%
Mr. Wong Kam Choi	Beneficial owner	2,300,000	0.10%

Notes:

The share options have been granted to the Directors on 15 November 2010 pursuant to the share option scheme of the Company adopted on 19 November 2009.

Save as disclosed above, at no time during the year ended 31 March 2011 was the Company or any of its 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 2011, 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 5% 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 positions in ordinary shares of the Company

Name of shareholders	Capacity in which the share are held	Number of shares	Approximate percentage of total issued shares
Marvel Bonus Holdings Limited *(Note 1)*	Beneficial owner	562,490,000	24.38%
Integrated Asset Management (Asia) Limited *(Notes 1 and 2)*	Interest of a controlled corporation	562,490,000	24.38%
Shanghai Assets (BVI) Limited *(Notes 1 and 3)*	Interest of a controlled corporation	562,490,000	24.38%
Mr. Yam Tak Cheung *(Note 2)*	Interest of a controlled corporation	562,490,000	24.38%
Mr. Ting Pang Wan, Raymond *(Note 3)*	Interest of a controlled corporation	562,490,000	24.38%

Long positions in underlying shares of the Company

Name of shareholders	Capacity in which the underlying shares are held	Interest in underlying shares	Approximate percentage of total issued shares
Golden Coach Limited *(Note 4)*	Beneficial owner	750,000,000	32.51%
Mr. Chan Chun Kuen *(Note 5)*	Interest of a controlled corporation	750,000,000	32.51%

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. As at 31 March 2011, Golden Coach Limited ("Golden Coach") held convertible bonds issued by the Company in an aggregate principal amount of HK$25,000,000 which would be converted into 500,000,000 shares and 250,000,000 share 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 share options. The convertible bonds were fully converted into 500,000,000 ordinary shares of the Company on 18 April 2011 and 250,000,000 share options were fully exercised on 5 May 2011.

5. 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 2011, 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 5% 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.

MAJOR CUSTOMERS AND SUPPLIERS

During the year under review, income from the Group's five largest customers accounted for less than 35% of the Group's total turnover for the year. The largest customer of the Group amounted to approximately 21% of the total turnover of the Group.

The aggregate purchases attributable to the Group's five largest suppliers accounted for approximately 73% of the Group's total cost of sales and services rendered for the year and purchases attributable to the largest supplier included therein amounted to approximately 34% of the Group's total cost of sales and services rendered for the year.

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.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company had maintained sufficient public float required under the GEM Listing Rules at any time during the year ended 31 March 2011.

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 has 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 By-laws, 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 adopted a share option scheme (the "Share Option Scheme") on 19 November 2009, pursuant to which the Directors may, at their discretion, invite any employee, director, non-executive director (including independent non-executive director), supplier, customer, advisor, consultant, agent, contractor, and any shareholder 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 of the Company.

SHARE OPTION SCHEME *(Continued)*

Details of the movements in the share options granted and exercised during the year ended 31 March 2011 under the Share Option Scheme are as follows:

Grantee	Number of share options					Date granted	Exercise period	Exercise price
	Outstanding as at 1 April 2010	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding as at 31 March 2011			
Directors								
Mr. Chan Chi Ming, Alvin	—	23,000,000	—	—	23,000,000	15 November 2010	15 November 2010 to 14 November 2020	HK$0.198
Mr. Luk Hong Man, Hammond	—	23,000,000	—	—	23,000,000	15 November 2010	15 November 2010 to 14 November 2020	HK$0.198
Ms. Etsuko Hoshiyama	—	5,800,000	—	—	5,800,000	15 November 2010	15 November 2010 to 14 November 2020	HK$0.198
Mr. Chan Chi Yuen	—	2,300,000	—	—	2,300,000	15 November 2010	15 November 2010 to 14 November 2020	HK$0.198
Mr. Zhang Xi	—	2,300,000	—	—	2,300,000	15 November 2010	15 November 2010 to 14 November 2020	HK$0.198
Mr. Yeung Wai Hung, Peter	—	2,300,000	—	—	2,300,000	15 November 2010	15 November 2010 to 14 November 2020	HK$0.198
Mr. Wong Kam Choi	—	2,300,000	—	—	2,300,000	15 November 2010	15 November 2010 to 14 November 2020	HK$0.198
Others	—	169,600,000	(1,000,000)	—	168,600,000	15 November 2010	15 November 2010 to 14 November 2020	HK$0.198
Total	—	230,600,000	(1,000,000)	—	229,600,000			

PENSION SCHEME ARRANGEMENTS

The subsidiaries operating in Hong Kong are required to participate in a defined contribution retirement scheme of the Group 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 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 were re-appointed as the auditors of the Group at the annual general meeting held on 30 September 2010.

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

On behalf of the Board

Etsuko Hoshiyama
Executive Director

Hong Kong, 13 May 2011

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 27 to 80, which comprise the consolidated and Company statements of financial position as at 31 March 2011, and the consolidated income statement, 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 information.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated 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 Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 consolidated 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 2011 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
13 May 2011

Consolidated Income Statement

For the year ended 31 March 2011

	Note	**2011** **HK$'000**	2010 HK$'000
Continuing operations			
Turnover	6	**9,592**	1,914
Cost of sales and services rendered		**(7,927)**	(1,206)
Gross profit		**1,665**	708
Other income	7	**106**	166
Selling expenses		**(241)**	(76)
Administrative expenses		**(35,412)**	(13,387)
Other operating expenses		**(10,078)**	(7,364)
Loss from operations		**(43,960)**	(19,953)
Finance costs	9	**(1,776)**	—
Loss before tax		**(45,736)**	(19,953)
Income tax credit	10	**268**	101
Loss for the year from continuing operations	12	**(45,468)**	(19,852)
Discontinued operations			
Gain for the year from discontinued operations	11	**—**	2,932
Loss for the year		**(45,468)**	(16,920)
Attributable to:			
Owners of the Company			
Loss from continuing operations		**(43,887)**	(19,852)
Profit from discontinued operations		**—**	2,932
Loss attributable to owners of the Company	16	**(43,887)**	(16,920)
Non-controlling interests			
Loss from continuing operations		**(1,581)**	—
Loss from discontinued operations		**—**	—
Loss attributable to non-controlling interests		**(1,581)**	—
		(45,468)	(16,920)
Basic loss per share			
Loss from continuing and discontinued operations	16	**1.9 cents**	0.8 cents
Loss from continuing operations	16	**1.9 cents**	0.9 cents

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2011

	Note	2011 HK$'000	2010 HK$'000
Loss for the year		**(45,468)**	(16,920)
Other comprehensive income net of tax:			
Exchange differences on translating foreign operations		**577**	47
Total comprehensive income for the year		**(44,891)**	(16,873)
Attributable to:			
Owners of the Company		**(43,310)**	(16,873)
Non-controlling interests		**(1,581)**	—
		(44,891)	(16,873)

Consolidated Statement of Financial Position

At 31 March 2011

	Note	2011 HK$'000	2010 HK$'000
Non-current assets			
Property, plant and equipment	17	**1,466**	377
Goodwill	18	**—**	—
Other intangible assets	19	**4,560**	7,040
		6,026	7,417
Current assets			
Trade receivables	22	**4,822**	38
Prepayments, deposits and other receivables		**16,422**	5,835
Bank and cash balances	23	**20,449**	43,466
		41,693	49,339
Current liabilities			
Trade payables	24	**—**	2
Accruals and other payables		**2,946**	3,620
		2,946	3,622
Net current assets		**38,747**	45,717
Total assets less current liabilities		**44,773**	53,134
Non-current liabilities			
Convertible bonds	25	**21,215**	—
Deferred tax liabilities	26	**515**	759
		21,730	759
NET ASSETS		**23,043**	52,375

At 31 March 2011

	Note	**2011** **HK$'000**	2010 HK$'000
Capital and reserves			
Share capital	*27*	**23,071**	23,061
Reserves	*28(a)*	**1,553**	29,314
Equity attributable to owners of the Company		**24,624**	52,375
Non-controlling interests		**(1,581)**	—
TOTAL EQUITY		**23,043**	52,375

Approved by the Board of Directors on 13 May 2011

Etsuko Hoshiyama	**Chan Chi Ming, Alvin**
Director	*Director*

Statement of Financial Position

At 31 March 2011

	Note	2011 HK$'000	2010 HK$'000
Non-current assets			
Investments in subsidiaries	20	**4**	1
Current assets			
Prepayments, deposits and other receivables		**1,529**	700
Due from subsidiaries	21	**19,254**	4,487
Bank and cash balances	23	**15,652**	37,144
		36,435	42,331
Current liabilities			
Accruals and other payables		**1,932**	2,880
Net current assets		**34,503**	39,451
Total assets less current liabilities		**34,507**	39,452
Non-current liabilities			
Convertible bonds	25	**21,215**	—
NET ASSETS		**13,292**	39,452
Capital and reserves			
Share capital	27	**23,071**	23,061
Reserves	28(b)	**(9,779)**	16,391
TOTAL EQUITY		**13,292**	39,452

Approved by the Board of Directors on 13 May 2011

Etsuko Hoshiyama
Director

Chan Chi Ming, Alvin
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2011

	Attributable to the owners of the Company										
	Share capital *(note 27)* *HK$'000*	**Share premium account** *(note 28 (c)(i))* *HK$'000*	**Contributed surplus** *(note 28 (c)(ii))* *HK$'000*	**Capital reserve** *(note 28 (c)(iii))* *HK$'000*	**Subscription right reserve** *(note 28 (c)(iv))* *HK$'000*	**Share-based payment reserve** *(note 28 (c)(v))* *HK$'000*	**Foreign currency translation reserve** *(note 28 (c)(vi))* *HK$'000*	**Accumulated losses** *HK$'000*	**Total** *HK$'000*	**Non-controlling interests** *HK$'000*	**Total equity** *HK$'000*
At 1 April 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 27 (a))*	38,000	—	—	—	—	—	—	(842)	37,158	—	37,158
Capital reduction and transfer *(note 27(b)(i) and (iii))*	(207,550)	—	207,550	—	—	—	—	—	—	—	—
Transfer *(note 27(b)(iv))*	—	—	(163,075)	—	—	—	—	163,075	—	—	—
Disposal of a subsidiary *(note 30)*	—	—	—	—	—	—	(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 and 1 April 2010	23,061	2	44,475	—	—	—	4,625	(19,788)	52,375	—	52,375
Total comprehensive income for the year	**—**	**—**	**—**	**—**	**—**	**—**	**577**	**(43,887)**	**(43,310)**	**(1,581)**	**(44,891)**
Share-based payments	**—**	**—**	**—**	**—**	**—**	**8,197**	**—**	**—**	**8,197**	**—**	**8,197**
Shares issued under share option scheme *(note 27(c))*	**10**	**224**	**—**	**—**	**—**	**(36)**	**—**	**—**	**198**	**—**	**198**
Proceeds from issue of share options *(note 25(b))*	**—**	**—**	**—**	**—**	**2,500**	**—**	**—**	**—**	**2,500**	**—**	**2,500**
Issue of convertible bonds *(note 25(a))*	**—**	**—**	**—**	**4,747**	**—**	**—**	**—**	**—**	**4,747**	**—**	**4,747**
Transaction cost from issue of convertible bonds	**—**	**—**	**—**	**(83)**	**—**	**—**	**—**	**—**	**(83)**	**—**	**(83)**
Changes in equity for the year	**10**	**224**	**—**	**4,664**	**2,500**	**8,161**	**577**	**(43,887)**	**(27,751)**	**(1,581)**	**(29,332)**
At 31 March 2011	**23,071**	**226**	**44,475**	**4,664**	**2,500**	**8,161**	**5,202**	**(63,675)**	**24,624**	**(1,581)**	**23,043**

Consolidated Statement of Cash Flows

For the year ended 31 March 2011

	Note	**2011** **HK$'000**	2010 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax			
— Continuing operations		**(45,736)**	(19,953)
— Discontinued operations		**—**	2,932
		(45,736)	(17,021)
Adjustments for:			
Amortisation of other intangible assets		**2,456**	2,517
Depreciation		**333**	145
Share-based payments		**8,197**	—
Gain on disposal of a subsidiary		**—**	(2,932)
Loss on disposals of property, plant and equipment		**8**	35
Allowance for trade and other receivables		**4,249**	2,361
Impairment on other intangible assets		**1,271**	—
Finance cost		**1,776**	—
Interest income		**(57)**	(113)
Operating loss before working capital changes		**(27,503)**	(15,008)
Increase in trade receivables, prepayments, deposits and other receivables		**(19,706)**	(2,470)
Increase/(decrease) in trade payables, accruals and other payables		**1,568**	(477)
Net cash used in operating activities		**(45,641)**	(17,955)
CASH FLOWS FROM INVESTING ACTIVITIES			
Disposal of a subsidiary	*30*	**—**	(246)
Interest received		**57**	113
Purchases of property, plant and equipment		**(1,441)**	(322)
Purchase of other intangible assets		**(1,000)**	—
Proceeds from disposals of property, plant and equipment		**16**	—
Net cash used in investing activities		**(2,368)**	(455)

For the year ended 31 March 2011

	Note	2011 HK$'000	2010 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		**—**	38,000
Share issue expenses paid		**—**	(842)
Proceeds from issue of shares under share option scheme	*27(c)*	**198**	—
Proceeds from issue of share options	*25(b)*	**2,500**	—
Proceeds from issue of convertible bonds	*25(a)*	**22,500**	—
Interest paid		**(210)**	—
Deposit received from the subscriber of convertible bonds		**—**	2,500
Net cash generated from financing activities		**24,988**	39,658
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(23,021)**	21,248
Effect of foreign exchange rate changes		**4**	24
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**43,466**	22,194
CASH AND CASH EQUIVALENTS AT END OF YEAR		**20,449**	43,466
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Bank and cash balances		**20,449**	43,466

1. GENERAL INFORMATION

The Company is an exempted company under the laws of Bermuda. The address of its registered office is Clarendon 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 principal activities of its subsidiaries are set out in note 20 to the financial statements.

In the opinion of the directors of the Company, as at 31 March 2011, the Group has no holding company or ultimate controlling party.

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

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting year beginning on 1 April 2010. 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 policies, presentation of the Group's financial statements and amounts reported for the current year and prior years except as stated below.

Consolidation

HKAS 27 (Revised) "Consolidated and Separate Financial Statements" contains the following requirements:

— Total comprehensive income is attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance. The previous HKAS 27 requires excess losses to be allocated to the owners of the Company, except to the extent that the non-controlling shareholders have a binding obligation and are able to make an additional investment to cover the losses.

— Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received shall be recognised directly in equity and attributed to the owners of the Company. The previous HKAS 27 does not have specific requirements for such transactions.

— When the disposal of a subsidiary results in a loss of control, the consideration of the sale and any investment retained in that subsidiary are required to be measured at their fair values. The previous HKAS 27 does not have specific requirements for such fair value measurements.

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

(Continued)

Consolidation *(Continued)*

The above requirements of HKAS 27 (Revised) has been applied prospectively from 1 April 2010 and resulted in changes in the consolidated amounts reported in the financial statements as follows:

	2011	2010
	HK$'000	*HK$'000*
Decrease in loss attributable to owners of the Company	**(1,581)**	—
Increase in loss attributable to non-controlling interest	**1,581**	—
Decrease in loss per share (HK cents)	**(0.1 cents)**	—

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 that results in a loss of control represents the difference between (i) the fair value of the consideration of the sales plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated foreign currency translation reserve.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(a) Consolidation *(Continued)*

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.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated income statement and consolidated statement of comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

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.

(b) Business combination

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The cost of an acquisition is measured at the acquisition-date fair value of the assets given, equity instruments issued and liabilities incurred and contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are rendered. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the cost of acquisition over the Company's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Company.

In a business combination achieved in stages, the previously held equity interest in the subsidiary is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in consolidated profit or loss. The fair value is added to the cost of acquisition to calculate the goodwill.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Business combination *(Continued)*

If the changes in the value of the previously held equity interest in the subsidiary were recognised in other comprehensive income (for example, available-for-sale investment), the amount that was recognised in other comprehensive income is recognised on the same basis as would be required if the previously held equity interest were disposed of.

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 (t) 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 non-controlling interests in the subsidiary are initially measured at the non-controlling shareholders proportionate share of the net fair value of the subsidiary's identifiable assets and 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 income statement and 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 foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the foreign currency translation 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%
Motor vehicles	30%

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. Computer software is stated at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over their estimated useful lives of 10 years.

(ii) Club debentures

<u>Golf club debenture</u>

The golf club debenture is stated at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over their estimated useful life of 35 years.

<u>Farm club debenture</u>

The farm club debenture has an indefinite useful life and is stated at cost less any impairment losses. Impairment is reviewed annually or when there is any indication that the club debenture has suffered an impairment loss.

(iii) Customer contracts

Customer contract represents the software licence contracts with telecommunication service providers who possess Value-Added Telecommunication Operation Licenses to provide value-added telecommunication services and have established cooperative arrangements with leading communications operators in the PRC. The amount is stated at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over the estimated useful lives 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 consolidated income statement, which comprises:

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

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(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.

(l) Convertible bonds

Convertible bonds which entitle the holder to convert the bonds into a fixed number of equity instruments at a fixed conversion price are regarded as compound instruments consist of a liability and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt. The difference between the proceeds of issue of the convertible bonds and the fair value assigned to the liability component, representing the embedded option for the holder to convert the bonds into equity of the Group, is included in equity as capital reserve. The liability component is carried as a liability at amortised cost using the effective interest method until extinguished on conversion or redemption.

Transaction costs are apportioned between the liability and equity components of the convertible bonds based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly to equity.

(m) Trade and other payables

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

(n) Equity instruments

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

(o) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

(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) Turnover including concert ticket income from entertainment events organised by the Group is recognised when the events are completed.

(iii) Net income from entertainment events organised by other co-investors is recognised when the events are completed and in proportion as agreed with co-investors.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(p) Employee benefits

(i) Employee leave entitlements

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

(q) Share-based payments

The Group issues equity-settled share-based payments to certain employees, directors and consultants.

Equity-settled share-based payments to employees and directors are measured at fair value (excluding the effect of non market-based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Equity-settled share-based payments to consultants are measured at the fair value of the services received or if the fair value of the services rendered cannot be reliably measured, at the fair value of the equity instruments granted. The fair value is measured at the date the Group receives the services and recognised as expenses.

(r) 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)*

(r) 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.

(s) 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)*

(t) Impairment of assets

Intangible assets that have an indefinite useful life or not yet available for use are reviewed annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable.

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.

(u) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(v) 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.

(w) 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

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.

4. CRITICAL JUDGEMENTS AND KEY ESTIMATES *(Continued)*

Key sources of estimation uncertainty *(Continued)*

(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

During the year, the Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities.

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 bank and cash balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

For outstanding trade and other receivables, the Group has significant concentration of credit risk as majority of trade and other receivables are due from two major customers of the Group's licensing of software business and an agent of the Group's entertainment business.

(i) Due from two major customers of the Group's licensing of software business

Pursuant to the contract between one of the subsidiary, AnyMusic Limited ("AnyMusic") and these customers, AnyMusic licenses its technology to these customers which they use in provision of value-added telecommunication services in the PRC. 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.

5. FINANCIAL RISK MANAGEMENT *(Continued)*

(b) Credit risk *(Continued)*

(i) *Due from two major customers of the Group's licensing of software business* *(Continued)*

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 and other receivables of HK$4,249,000 (2010: HK$2,361,000) from these customers is uncertain, as a result the directors determined to make an allowance of the same amount for trade and other receivables.

(ii) *Due from an agent of the Group's entertainment business*

The Group has policies in place to ensure that agents of the Group have appropriate credit history. The amount due from the agent is closely monitored by the directors.

(c) Interest rate risk

The Group's exposure to interest-rate risk arises from its bank deposits and convertible bonds. 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 and convertible bonds 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.

The maturity analysis of the Group's financial liabilities is as follows:

	Less than 1 year	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 31 March 2011				
Trade payables, accruals and other payables	**2,946**	**—**	**—**	**—**
Convertible bonds	**501**	**498**	**25,041**	**—**
At 31 March 2010				
Trade payables, accruals and other payables	3,622	—	—	—

5. FINANCIAL RISK MANAGEMENT *(Continued)*

(e) Categories of financial instruments at 31 March 2011

	2011	2010
	HK$'000	*HK$'000*
Financial assets:		
Loans and receivables (including cash and cash equivalents)	**26,455**	47,800
Financial liabilities:		
Financial liabilities at amortised cost	**24,161**	1,122

(f) Fair values

Except as disclosed in note 25(a) to the financial statements, the carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated and Company statements of financial position approximate their respective fair values.

6. TURNOVER

The Group's turnover which represents licensing of software income and entertainment business income are as follows:

	2011	2010
	HK$'000	*HK$'000*
Licensing of software income	**1,968**	1,914
Concert tickets income	**6,232**	—
Event management income	**1,392**	—
	9,592	1,914

7. OTHER INCOME

	2011	2010
	HK$'000	*HK$'000*
Interest income	**57**	113
Sundry income	**49**	53
Gain on disposal of a subsidiary *(note 30)*	**—**	2,932
	106	3,098
Representing:		
Continuing operations	**106**	166
Discontinued operations *(note 11)*	**—**	2,932
	106	3,098

8. SEGMENT INFORMATION

(a) Business segment information

During the year ended 31 March 2011, the Group has two reportable segments as follows:

Entertainment business — Event organisation and provision of event management services.

Licensing of software business — 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 reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

The accounting policies of the operating segments are the same as those described in note 3 to the financial statements. Segment profits or losses do not include other income, selling expenses, certain administrative expenses, other operating expenses and finance costs. Segment assets do not include property, plant and equipment, goodwill, other intangible assets, bank and cash balances and other corporate assets. Segment liabilities do not include convertible bonds, deferred tax liabilities and other corporate liabilities.

8. SEGMENT INFORMATION *(Continued)*

(a) Business segment information *(Continued)*

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

	Licensing of software business *HK$'000*	Entertainment business *HK$'000*	Total *HK$'000*
Year ended 31 March 2011			
Revenue from external customers	**1,968**	**7,624**	**9,592**
Segment profit/(loss)	**1,315**	**(3,213)**	**(1,898)**
Other material items:			
Amortisation of other intangible assets	**2,438**	**—**	**2,438**
Other material non-cash items:			
Impairment on other intangible assets	**1,271**	**—**	**1,271**
Allowance for trade and other receivables	**4,249**	**—**	**4,249**
As at 31 March 2011			
Segment assets	**1,337**	**17,646**	**18,983**
Segment liabilities	**—**	**—**	**—**

8. SEGMENT INFORMATION *(Continued)*

(a) Business segment information *(Continued)*

During the year ended 31 March 2010, the Group engaged in the single type business and has one reportable segment. Information about the reportable segment profit or loss, assets and liabilities is as follows:

	Licensing of software business *HK$'000*
Year ended 31 March 2010	
Revenue from external customers	1,914
Segment profit	708
Other material items:	
Amortisation of other intangible assets	2,500
Other material non-cash items:	
Allowance for trade and other receivables	2,361
As at 31 March 2010	
Segment assets	4,235
Segment liabilities	2

8. SEGMENT INFORMATION *(Continued)*

(a) Business segment information *(Continued)*

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

	2011	2010
	HK$'000	*HK$'000*
Profit or loss		
Total (loss)/profit of reportable segments	**(1,898)**	708
Unallocated amounts:		
Other income	**106**	166
Finance costs	**(1,776)**	—
Selling expenses	**(241)**	(76)
Administrative expenses	**(31,849)**	(13,387)
Other operating expenses	**(10,078)**	(7,364)
Consolidated loss before tax for the year from continuing operations	**(45,736)**	(19,953)
Assets		
Total assets of reportable segments	**18,983**	4,235
Unallocated amounts:		
Property, plant and equipment	**1,466**	377
Other intangible assets	**4,560**	7,040
Bank and cash balances	**20,449**	43,466
Other corporate assets	**2,261**	1,638
Consolidated total assets	**47,719**	56,756
Liabilities		
Total liabilities of reportable segments	**—**	2
Unallocated amounts:		
Accruals and other payables	**2,946**	3,620
Convertible bonds	**21,215**	—
Deferred tax liabilities	**515**	759
Consolidated total liabilities	**24,676**	4,381
Other material items — Amortisation of other intangible assets		
Total amortisation charged of reportable segments	**2,438**	2,500
Unallocated amounts	**18**	17
Consolidated amortisation charge	**2,456**	2,517

Apart from the above, the totals of other material items disclosed in the segment information are the same as the consolidated totals.

8. SEGMENT INFORMATION *(Continued)*

(b) Geographical information

	Revenue		Non-current assets	
	2011	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**1,122**	—	**2,402**	282
Mainland China	**8,200**	1,914	**3,624**	7,135
Macau	**270**	—	**—**	—
	9,592	1,914	**6,026**	7,417

In presenting the geographical information, revenue is based on the locations of the customers.

(c) Information about major customers

	2011	2010
	HK$'000	*HK$'000*
Licensing of software business		
Customer A	**1,968**	1,876
Customer B	**—**	38
Entertainment business		
Customer C	**1,122**	—

9. FINANCE COSTS

	2011	2010
	HK$'000	*HK$'000*
Interest on convertible bonds wholly repayable within five years	**1,776**	—

10. INCOME TAX CREDIT

	2011	2010
	HK$'000	*HK$'000*
Current tax		
Provision for the year	**—**	—
Deferred tax *(note 26)*	**268**	101
	268	101

No provision for Hong Kong or overseas profits tax is required since the Group has no assessable profit for the year (2010: Nil).

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:

	2011	2010
	HK$'000	*HK$'000*
Loss before income tax	**45,736**	17,021
Calculated at a taxation rate of 16.5%	**7,546**	2,808
Effect of different taxation rates in other countries	**(258)**	(237)
Income not subject to taxation	**1,074**	480
Expenses not deductible for taxation purposes	**(4,533)**	(1,999)
Tax losses not recognised	**(3,561)**	(951)
Income tax credit	**268**	101

11. DISCONTINUED OPERATIONS

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

(a) The profit for the year ended 31 March 2010 from the discontinued operation is analysed as follows:

	HK$'000
Profit of discontinued operations	—
Gain on disposal of discontinued operation *(note 30)*	2,932
	2,932

11. DISCONTINUED OPERATIONS *(Continued)*

(b) An analysis of the cash flows from the discontinued operations for the year ended 31 March 2010 is as follows:

	HK$'000
Operating cash flows	—
Investing cash flows	(246)
Financing cash flows	—
	(246)

12. LOSS FOR THE YEAR

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

	2011 **HK$'000**	2010 *HK$'000*
Amortisation of other intangible assets (included in other operating expenses)	**2,456**	2,517
Depreciation	**333**	145
Loss on disposals of property, plant and equipment	**8**	35
Operating lease charges on land and buildings	**1,671**	961
Auditor's remuneration	**680**	600
Other equity-settled share-based payment	**3,270**	—
Impairment on other intangible assets (included in other operating expenses)	**1,271**	—
Allowance for trade and other receivables (included in other operating expenses)	**4,249**	2,361
Staff costs excluding directors' emoluments		
Salaries, bonuses and allowances	**6,352**	3,137
Retirement benefits scheme contributions	**128**	133
Equity-settled share-based payments	**2,759**	—
	9,239	3,270

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

The emoluments of each director were as follows:

Year ended 31 March 2011	Fees	Salaries and allowances	Equity-settled share-based payments	Retirement benefit scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive Directors					
Chan Chi Ming, Alvin *(note (a))*	—	522	817	12	1,351
Luk Hong Man, Hammond *(note (a))*	—	522	817	12	1,351
Etsuko Hoshiyama	—	993	206	12	1,211
	—	2,037	1,840	36	3,913
Independent Non-Executive Directors					
Chan Chi Yuen *(note (c))*	120	—	82	—	202
Zhang Xi *(note (a))*	120	—	82	—	202
Yeung Wai Hung, Peter *(note (d))*	120	—	82	—	202
Wong Kam Choi *(note (e))*	116	—	82	—	198
	476	—	328	—	804
Total for 2011	476	2,037	2,168	36	4,717

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

The emoluments of each director were as follows: *(Continued)*

Year ended 31 March 2010	Fees	Salaries and allowances	Equity-settled share-based payments	Retirement benefit scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*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
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

(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

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

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

The five highest paid individuals in the Group during the year included two (2010: three) directors whose emoluments are reflected in the analysis presented above. The emoluments of the remaining three (2010: two) individuals are set out below:

	2011	2010
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	**4,309**	880
Pension costs — defined contribution plans	**15**	23
	4,324	903

The emoluments fell within the following bands:

	Number of individuals	
	2011	2010
Nil to HK$1,000,000	**Nil**	2
HK$1,000,001 to HK$1,500,000	**2**	Nil
HK$1,500,001 to HK$2,000,000	**1**	Nil

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.

14. 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$41,719,000 (2010: HK$33,090,000) which has been dealt with in the financial statements of the Company.

15. DIVIDENDS

The Board does not recommend the payment of any dividend (2010: Nil) in respect of the year.

16. 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.

	2011	2010
Continuing operations		
Loss attributable to owners of the Company *(HK$'000)*	**(43,887)**	(19,852)
Weighted average number of ordinary shares in issue *(thousands)*	**2,306,229**	2,085,402
Basic loss per share *(HK cents per share)*	**(1.9 cents)**	(0.9 cents)
Discontinued operations		
Profit attributable to owners of the Company *(HK$'000)*	**N/A**	2,932
Weighted average number of ordinary shares in issue *(thousands)*	**N/A**	2,085,402
Basic earning per share *(HK cents per share)*	**N/A**	0.1 cents
Total		
Loss attributable to owners of the Company *(HK$'000)*	**(43,887)**	(16,920)
Weighted average number of ordinary shares in issue *(thousands)*	**2,306,229**	2,085,402
Basic loss per share *(HK cents per share)*	**(1.9 cents)**	(0.8 cents)

As the conversion of the Group's outstanding convertible bonds and exercise of options for the year ended 31 March 2011 would be anti-dilutive, no diluted loss per share was presented for year ended 31 March 2011. There were no diluted potential ordinary shares for the year ended 31 March 2010.

17. PROPERTY, PLANT AND EQUIPMENT

	Group				
	Leasehold improvement *HK$'000*	**Office equipment, furniture and fixtures** *HK$'000*	**Computer equipment** *HK$'000*	**Motor vehicles** *HK$'000*	**Total** *HK$'000*
Cost					
At 1 April 2009	48	188	604	—	840
Additions	—	170	152	—	322
Disposals	(48)	(164)	(247)	—	(459)
Exchange differences	—	—	1	—	1
At 31 March 2010 and 1 April 2010	—	194	510	—	704
Additions	—	38	79	1,324	1,441
Disposals	—	—	(150)	—	(150)
Exchange differences	—	1	14	—	15
At 31 March 2011	—	233	453	1,324	2,010
Accumulated depreciation					
At 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 and 1 April 2010	—	29	298	—	327
Charge for the year	—	41	60	232	333
Disposals	—	—	(126)	—	(126)
Exchange differences	—	1	9	—	10
At 31 March 2011	—	71	241	232	544
Carrying amount					
At 31 March 2011	—	162	212	1,092	1,466
At 31 March 2010	—	165	212	—	377

18. GOODWILL

	Group HK'000
Cost	
At 1 April 2009	42,039
Disposed of a subsidiary *(note 30)*	(24,086)
Exchange differences	60
At 31 March 2010 and 1 April 2010	18,013
Exchange differences	806
At 31 March 2011	18,819
Accumulated impairment losses	
At 1 April 2009	42,039
Disposed of a subsidiary *(note 30(b))*	(24,086)
Exchange differences	60
At 31 March 2010 and 1 April 2010	18,013
Exchange differences	806
At 31 March 2011	18,819
Carrying amount	
At 31 March 2011	—
At 31 March 2010	—

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:

	2011 ***HK$'000***	2010 *HK$'000*
Licensing of software segment — AnyMusic	**18,819**	18,013

The goodwill allocated to the licensing of software segment has been fully impaired during the year ended 31 March 2009.

19. OTHER INTANGIBLE ASSETS

	Group			
	Computer software *HK$'000*	**Club debentures** *HK$'000*	**Customer contracts** *HK$'000*	**Total** *HK$'000*
Cost				
At 1 April 2009	37	574	18,411	19,022
Exchange differences	1	1	61	63
At 31 March 2010 and 1 April 2010	38	575	18,472	19,085
Additions	—	1,000	—	1,000
Exchange differences	1	26	828	855
At 31 March 2011	39	1,601	19,300	20,940
Accumulated amortisation and impairment loss				
At 1 April 2009	2	24	9,465	9,491
Amortisation for the year	1	16	2,500	2,517
Exchange differences	—	—	37	37
At 31 March 2010 and 1 April 2010	3	40	12,002	12,045
Amortisation for the year	1	17	2,438	2,456
Impairment losses	—	—	1,271	1,271
Exchange differences	—	4	604	608
At 31 March 2011	4	61	16,315	16,380
Carrying amount				
At 31 March 2011	35	1,540	2,985	4,560
At 31 March 2010	35	535	6,470	7,040

19. 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 2011, the computer software has a remaining amortisation period of 3 years.

Club debentures

(a) The Group's golf club membership of HK$540,000 (2010: HK$535,000) at 31 March 2011 has definite useful life and has a remaining amortisation period of 30 years.

(b) The Group's farm club membership of HK$1,000,000 (2010: Nil) at 31 March 2011 has indefinite useful life because there is no time limit that the Group can enjoy the services provided by the farm club.

The Group carried out reviews of the recoverable amount of the farm club membership by reference to the recent transaction price of the farm club membership. No impairment loss has been recognised in profit or loss for the year ended 31 March 2011.

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 2011, the customer contracts have a remaining amortisation period of 1.6 years.

The Group carried out reviews of the recoverable amount of the customer contracts in 2011, 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$1,271,000 for customer contracts which has been recognised in profit or loss for the year ended 31 March 2011. 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 16.67%.

20. INVESTMENTS IN SUBSIDIARIES

	Company	
	2011	2010
	HK$'000	*HK$'000*
Unlisted investments, at cost	**81,489**	81,486
Less: Impairment losses	**(81,485)**	(81,485)
	4	1

20. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Particulars of the subsidiaries as at 31 March 2011 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, provision of general administration and management services to Group companies in Hong Kong and the PRC and entertainment business
Rojam Capital Limited	British Virgin Islands	100 ordinary shares of US$1 each	100%	—	Investment holding
Oriental Brand Limited	British Virgin Islands	100 ordinary shares of US$1 each	100%	—	Dormant
Floral Star Limited	British Virgin Islands	100 ordinary shares of US$1 each	100%	—	Investment holding
Crystal Wonder Limited	British Virgin Islands	100 ordinary shares of US$1 each	100%	—	Investment holding
Everwell Global Trading Limited	British Virgin Islands	100 ordinary shares of US$1 each	100%	—	Investment holding
AnyMusic Limited	PRC	Registered capital of US$5,140,000	—	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 and business information consulting services
Dynasty Choice Development Limited	Hong Kong	100 ordinary shares of HK$1 each	—	100%	Dormant
Forest Garden Limited	Hong Kong	100 ordinary shares of HK$1 each	—	100%	Dormant
Sharp Way Trading Limited	Hong Kong	100 ordinary shares of HK$1 each	—	100%	Dormant
Xinhua Entertainment Limited	British Virgin Islands	1 ordinary shares of US$1 each	—	100%	Investment holding
Xinhua Entertainment (Hong Kong) Limited	Hong Kong	10 ordinary shares of HK$1 each	—	80%	Entertainment business
Zhenrong Energy Shipping Limited	British Virgin Islands	100 ordinary shares of US$1 each	—	75%	Dormant
Zhenrong Energy Shipping (HK) Limited	Hong Kong	100 ordinary shares of HK$1 each	—	75%	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.

21. DUE FROM SUBSIDIARIES

The amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

22. TRADE RECEIVABLES

The Group's trading terms with its customers and agents are mainly on credit, the credit term is generally range from 30 to 60 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

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

	Group	
	2011	2010
	HK$'000	*HK$'000*
0 to 30 days	**3,941**	—
31 to 90 days	**466**	—
91 to 180 days	**415**	7
181 to 365 days	**—**	31
	4,822	38

As at 31 March 2011, an allowance was made for estimated irrecoverable trade receivables of approximately HK$3,918,000 (2010: HK$4,820,000). The reconciliation of the allowance for trade receivables is as follows:

	2011	2010
	HK$'000	*HK$'000*
At beginning of year	**4,820**	4,040
Allowance for the year	**40**	765
Reversal of allowance	**(1,129)**	—
Exchange differences	**187**	15
At end of year	**3,918**	4,820

22. TRADE RECEIVABLES *(Continued)*

As of 31 March 2011, trade receivables of HK$4,283,000 (2010: HK$38,000) were past due but not impaired. The ageing analysis of trade receivables that were past due but not impaired is as follows:

	Group	
	2011	2010
	HK$'000	*HK$'000*
Up to 3 months	**3,868**	—
3 to 6 months	**415**	7
Over 6 months	**—**	31
	4,283	38

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	2011	2010
	HK$'000	*HK$'000*
Hong Kong dollars	**3,621**	—
Renminbi	**1,201**	38
	4,822	38

23. BANK AND CASH BALANCES

As at 31 March 2011, bank and cash balances of the Group are denominated in the following currencies:

	Group	
	2011	2010
	HK$'000	*HK$'000*
Hong Kong dollars	**13,774**	33,284
Renminbi	**2,036**	5,692
US dollars	**4,519**	4,383
Japanese Yen	**120**	107
	20,449	43,466

23. BANK AND CASH BALANCES *(Continued)*

	Company	
	2011	2010
	HK$'000	*HK$'000*
Hong Kong dollars	**11,692**	32,664
US dollars	**3,849**	4,379
Japanese Yen	**111**	101
	15,652	37,144

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.

24. TRADE PAYABLES

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

	2011	2010
	HK$'000	*HK$'000*
0 to 90 days	**—**	—
91 to 180 days	**—**	2
	—	2

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

25. CONVERTIBLE BONDS

(a) The convertible bonds were issued to the bondholder on 30 April 2010. The bonds are convertible into ordinary shares of the Company at any time between the date of issue of the bonds and their settlement date. The bonds were convertible at 20 shares per HK$1 bond note.

If the convertible bonds have not been converted, they will be redeemed at par on 29 April 2013. Annual interest of 2% will be paid half annually up until that settlement date.

The net proceeds received from the issue of the convertible bonds have been split between the liability element and an equity component, as follows:

	Group and Company 2011 *HK$'000*
Nominal value of convertible bonds issued	**25,000**
Transaction cost	**(355)**
Equity component	**(4,747)**
Liability component at date of issue	**19,898**
Interest charged	**1,776**
Interest paid or payable	**(459)**
Liability component at 31 March 2011	**21,215**
Proceeds from issue of convertible bonds:	
Nominal value of convertible bonds issued	**25,000**
Deposit received from the bondholder for the year ended 31 March 2010	**(2,500)**
	22,500

The interest charged for the year is calculated by applying an effective interest rate of 9.4% to the liability component for the 11 months period since the bonds were issued.

The directors estimate the fair value of the liability component of the convertible bonds at 31 March 2011 to be approximately HK$21,593,000. This fair value has been calculated by discounting the future cash flows at the market rate.

25. CONVERTIBLE BONDS *(Continued)*

(b) On 30 April 2010, the Company has granted to the bondholder options to subscribe for 250,000,000 option shares in the Company at option price of HK$0.05 per option share, exercisable for a period of three years from the date of issue.

The consideration of the option fee of HK$2,500,000 received was recognised in equity as subscription right reserve.

No option shares have been exercised by the bondholder during the year ended 31 March 2011.

26. DEFERRED TAX LIABILITIES

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

	Accelerated tax depreciation	**Other intangible assets**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
At 1 April 2009	—	857	857
Exchange differences	—	3	3
(Credit) to profit or loss for the year *(note 10)*	—	(101)	(101)
At 31 March 2010 and 1 April 2010	—	759	759
Exchange differences	—	24	24
Charge/(credit) to profit or loss for the year *(note 10)*	149	(417)	(268)
At 31 March 2011	149	366	515

At the end of reporting period the Group has unused tax losses of HK$55,333,000 (2010: HK$33,749,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such losses (2010: Nil) due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of HK$870,000, HK$642,000, HK$1,595,000 and HK$1,870,000 (2010: HK$870,000, HK$642,000, HK$1,595,000 and Nil) that will expire in 2012, 2013, 2014 and 2015 respectively. Other tax losses may be carried forward indefinitely.

27. SHARE CAPITAL

	Note	Number of Shares	Amount HK$'000
Authorised:			
Ordinary shares of HK$0.01 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 and 2011		50,000,000,000	500,000
Issued and fully paid:			
Ordinary shares of HK$0.01 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 and 1 April 2010		2,306,114,403	23,061
Shares issued under share option scheme	(c)	1,000,000	10
At 31 March 2011		2,307,114,403	23,071

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 HK$207,550,000 arising from the capital reduction mentioned in note 27(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 HK$163,075,000 in full on the date the Capital Reorganisation becoming effective.

(c) On 18 February 2011, share options granted under the share option scheme of the Company which was adopted on 19 November 2009 were exercised to subscribe for 1,000,000 ordinary shares in the Company at a consideration of HK$198,000 of which HK$10,000 was credit to share capital and the balance of HK$188,000 was credited to the share premium account. HK$36,000 has been transferred from the share-based payment reserve to the share premium account.

27. 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, raise new debts and redeem existing debts.

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 maintain sufficient public float required under the GEM Listing Rules (minimum prescribed percentage applicable to the Company is currently 18.2%). 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 2011, 75.62% (2010: 75.61%) of the shares were in public hands.

28. 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	Contribution surplus	Capital reserve	Subscription right reserve	Share-based payment reserve	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2009	2	—	—	—	—	(157,229)	(157,227)
Issue of shares on placement *(note 27(a))*	—	—	—	—	—	(842)	(842)
Capital reduction and transfer *(note 27(b)(i) and (iii))*	—	207,550	—	—	—	—	207,550
Transfer *(note 27(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
Share-based payment	—	—	—	—	8,197	—	8,197
Share issued under share option scheme *(note 27(c))*	224	—	—	—	(36)	—	188
Proceeds from issue of share options *(note 25(b))*	—	—	—	2,500	—	—	2,500
Issue of convertible bonds *(note 25(a))*	—	—	4,747	—	—	—	4,747
Transaction cost from issue of convertible bonds	—	—	(83)	—	—	—	(83)
Loss for the year	—	—	—	—	—	(41,719)	(41,719)
At 31 March 2011	226	44,475	4,664	2,500	8,161	(69,805)	(9,779)

28. 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 represents 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 27(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) *Capital reserve*

The capital reserve represents the value of the unexercised equity component of convertible bonds issued by the Company recognised in accordance with the accounting policy adopted for convertible bonds in note 3(l) to the financial statements.

(iv) *Subscription right reserve*

Subscription right reserve represents the net proceed received from the issue of option shares. The subscription right reserve will be transferred to share premium account upon the exercise of the option shares.

(v) *Share-based payment reserve*

The share-based payment reserve represents the fair value of the actual or estimated number of unexercised share options granted to directors, employees and consultants of the Group recognised in accordance with the accounting policy in note 3(q) to the financial statements.

(vi) *Foreign currency translation reserve*

The foreign currency translation 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.

29. SHARE-BASED PAYMENTS

Equity-settled share option scheme

The Company operates a share option scheme (the "Share Option 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 Share Option Scheme became effective on 19 November 2009 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of shares to be issued upon exercise of all outstanding share options granted and yet to be exercised under the Share Option 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 Share Option 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 at general meeting for refreshing the 10% limit under the Share Option Scheme save that the total number of shares which may be issued upon exercise of all share options to be granted under the Share Option 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 share 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 at a general meeting with such participant and his associates abstaining from voting.

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 directors. 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 or 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 at 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 or the expiry date of the Share Option Scheme, if earlier.

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.

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

29. SHARE-BASED PAYMENTS *(Continued)*

Equity-settled share option scheme *(Continued)*

Details of the share options granted during the year is as follows:

Date of grant	Vesting period	Exercise period	Exercise price
15 November 2010	Nil	15 November 2010 – 14 November 2020	HK$0.198

If the share options remain unexercised after a period of 10 years from the date of grant, the share options expire. The share options are forfeited if the employee leaves the Group before the share options vest.

The following table discloses details of the share options outstanding and the movements during the year ended 31 March 2011 under the Share Option Scheme:

		Number of shares options				
Name of grantee	**Date of grant**	**Outstanding as at 1 April 2010**	**Granted during the year**	**Exercised during the year**	**Lapsed or forfeited during the year**	**Outstanding as at 31 March 2011**
Total of directors	15 November 2010	—	61,000,000	—	—	**61,000,000**
Employees in aggregate	15 November 2010	—	77,600,000	(1,000,000)	—	**76,600,000**
Consultants	15 November 2010	—	92,000,000	—	—	**92,000,000**
Total		—	230,600,000	(1,000,000)	—	**229,600,000**

29. SHARE-BASED PAYMENTS *(Continued)*

Equity-settled share option scheme *(Continued)*

Details of the share options outstanding during the year are as follows:

	2011 Number of share options	**2011** Weighted average exercise price *HK$*	2010 Number of share options	2010 Weighted average exercise price *HK$*
Outstanding at the beginning of the year	**—**	**—**	—	—
Granted during the year	**230,600,000**	**0.198**	—	—
Exercised during the year	**(1,000,000)**	**0.198**	—	—
Outstanding at the end of the year	**229,600,000**	**0.198**	—	—
Exercisable at the end of the year	**229,600,000**	**0.198**	—	—

The share options granted to consultants were incentives for their services to assist the Group expanding its business network and exploring new business opportunities. The fair values of such benefit could not be measured reliably and as a result, fair values of share options are measured by reference to the fair values at the measurement dates.

The share options outstanding at the end of the year have a weighted average remaining contractual life of 10 years and the exercise prices is HK$0.198. During the year ended 31 March 2011, the share options were granted on 15 November 2010. The estimated fair values of the share options granted on this date is HK$8,197,000.

These fair values were calculated using the Black-Scholes pricing model. The inputs into the model are as follows:

	2011
Weighted average share price	**0.198**
Exercise price	**0.198**
Expected volatility	**65.35%**
Expected life	**0.581**
Risk free rate	**0.295%**
Expected dividend yield	**Nil**

Expected volatility was determined by calculating the historical volatility of the Company's share price for a period equal to the expected life of the share options. The expected life used in the model has been adjusted, based on the Group's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Disposal of a subsidiary — Shanghai Rojam Entertainment Company Limited ("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") wherein Rojam Investment agreed to dispose of its entire 90% equity interests in Shanghai Rojam at a consideration of RMB36,000 (approximately HK$40,734) to the Purchaser.

At the date of disposal and as at 31 March 2010, the legal ownership of the equity interests 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.

Rojam Investment was disposed by the Company on 23 November 2010.

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 foreign currency translation reserve	(204)
Non-controlling 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)

31. CONTINGENT LIABILITIES

As at 31 March 2011, the Group and the Company did not have any significant contingent liabilities (2010: Nil).

32. LEASE COMMITMENTS

At 31 March 2011 the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	Group	
	2011	2010
	HK$'000	*HK$'000*
Within one year	**806**	581
In the second to fifth years inclusive	**—**	—
After five years	**—**	—
	806	581

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.

33. 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)

		2011	2010
	Note	***HK$'000***	*HK$'000*
The then Company's substantial shareholder			
Faith, Inc.			
— reimbursement of operating expense	*(i)*	**—**	703
Non-controlling shareholder of former subsidiary — Shanghai Rojam			
Shanghai Huanyu Import and Export Company Limited			
— management fee paid	*(ii)*	**—**	500

33. RELATED PARTY TRANSACTIONS *(Continued)*

(b) *(Continued)*

(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 non-controlling shareholder of Shanghai Rojam. By virtue of the said contract, the non-controlling shareholder has agreed to accept a pre-fixed amount as its return on investment and services rendered, whereas the Group will be entitled to/responsible for any or all operating profit or loss. The pre-fixed amount paid or payable to the non-controlling shareholder is recognised as management fee paid or payable to the non-controlling shareholder in the consolidated income statement.

34. EVENTS AFTER THE REPORTING PERIOD

(a) Subscription agreement (the "Subscription Agreement") to issue new shares and convertible notes

On 23 March 2011, the Company entered into the Subscription Agreement with the share subscribers and convertible notes subscribers pursuant to which (i) the Company has conditionally agreed to issue to each share subscriber, and each share subscriber has conditionally agreed to subscribe for, the shares of the Company; and (ii) the Company has conditionally agreed to issue to each convertible notes subscriber, and each convertible notes subscriber has conditionally agreed to subscribe for, the convertible notes. The total shares of the Company to be subscribed by the share subscribers comprise 6,918,343,209 shares, representing approximately 299.9% of the entire issued share capital of the Company as at 31 March 2011.

The total subscription price payable for the subscription of the shares of the Company is HK$118,613,358 and the principal amount payable for the subscription of the convertible notes is HK$596,260,579.

The Subscription Agreement was approved by the shareholders of the Company at the special general meeting held on 12 May 2011. Details of the Subscription Agreement are set out in the circular of the Company dated 21 April 2011. At 13 May 2011, the Subscription Agreement is yet to be completed.

(b) Conversion of convertible bonds

On 18 April 2011, the Company issued 500,000,000 ordinary shares of HK$0.01 each at the price of HK$0.05 per share upon the conversion of convertible bonds with nominal value of HK$25,000,000.

(c) Exercise of share options granted to the bondholder on 30 April 2010

On 5 May 2011, the Company issued 250,000,000 ordinary shares of HK$0.01 each at the price of HK$0.05 per share upon exercise of share options by the bondholder.

(d) Exercise of share options under the Company's equity-settled share option scheme

Subsequent to the end of reporting period and up to the date of this report, a total of 27,800,000 share options have been exercised by the share option holders which resulted in the allotment and issue of 27,800,000 new shares of the Company.

35. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 13 May 2011.