

ROJAM ENTERTAINMENT HOLDINGS LIMITED

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

Stock Code: 8075

First Quarterly Report 2011/2012



ROJAM

Entertainment Network Asia

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

RESULTS

The board of directors (the “**Board**”) of Rojam Entertainment Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) announces the unaudited consolidated results of the Group for the three months ended 30 June 2011 together with the comparative unaudited figures for the corresponding period in 2010 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		Three months ended 30 June	
		2011	2010
		(Unaudited)	(Unaudited)
	Notes	HK\$'000	HK\$'000
Turnover	3	636	60
Cost of sales and service rendered		<u>(83)</u>	<u>(95)</u>
Gross profit/(loss)		553	(35)
Other income		19	33
Selling expenses		(44)	(95)
Administrative expenses		(6,883)	(6,542)
Other operating gain		115	—
Other operating expenses		<u>(3,021)</u>	<u>(628)</u>
Loss from operations		(9,261)	(7,267)
Finance costs	4	<u>(1,874)</u>	<u>(318)</u>
Loss before tax		(11,135)	(7,585)
Income tax credit	5	<u>57</u>	<u>69</u>
Loss for the period		<u>(11,078)</u>	<u>(7,516)</u>
Attributable to:			
Owners of the Company		(10,839)	(7,516)
Non-controlling interests		<u>(239)</u>	<u>—</u>
		<u>(11,078)</u>	<u>(7,516)</u>
Loss per share (expressed in HK cent)	6		
Basic and diluted		<u>(0.24)</u>	<u>(0.33)</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Three months ended 30 June	
	2011	2010
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Loss for the period	(11,078)	(7,516)
Other comprehensive income, net of tax:		
Exchange differences on translating foreign operations	<u>196</u>	<u>150</u>
Total comprehensive loss for the period	<u>(10,882)</u>	<u>(7,366)</u>
Attributable to:		
Owners of the Company	(10,643)	(7,366)
Non-controlling interests	<u>(239)</u>	<u>—</u>
	<u>(10,882)</u>	<u>(7,366)</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to the owners of the Company										
	Share capital	Share premium	Contributed surplus	Capital reserves	Subscription right reserves	Share-based payment reserves	Foreign currency reserves	Accumulated losses	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 April 2010	23,061	2	44,475	–	–	–	4,625	(19,788)	52,375	–	52,375
Loss for the period	–	–	–	–	–	–	–	(7,516)	(7,516)	–	(7,516)
Other comprehensive income for the period:											
Exchange differences on translating foreign operations	–	–	–	–	–	–	150	–	150	–	150
Total comprehensive loss for the period	–	–	–	–	–	–	150	(7,516)	(7,366)	–	(7,366)
Proceeds from issue of share options	–	–	–	–	2,500	–	–	–	2,500	–	2,500
Issue of convertible bonds	–	–	–	4,747	–	–	–	–	4,747	–	4,747
Costs of issue of convertible bonds	–	–	–	(83)	–	–	–	–	(83)	–	(83)
Change in equity for the period	–	–	–	4,664	2,500	–	150	(7,516)	(202)	–	(202)
Balance at 30 June 2010 (unaudited)	23,061	2	44,475	4,664	2,500	–	4,775	(27,304)	52,173	–	52,173
Balance at 1 April 2011	23,071	226	44,475	4,664	2,500	8,161	5,202	(63,675)	24,624	(1,581)	23,043
Loss for the period	–	–	–	–	–	–	–	(10,839)	(10,839)	(239)	(11,078)
Other comprehensive income for the period:											
Exchange differences on translating foreign operations	–	–	–	–	–	–	196	–	196	–	196
Total comprehensive loss for the period	–	–	–	–	–	–	196	(10,839)	(10,643)	(239)	(10,862)
Conversion of convertible bonds	5,000	20,950	–	(4,664)	–	–	–	–	21,286	–	21,286
Exercise of share options	2,500	12,500	–	–	(2,500)	–	–	–	12,500	–	12,500
Shares subscription	69,183	49,430	–	–	–	–	–	–	118,613	–	118,613
Costs of issue of shares subscription	–	(3,628)	–	–	–	–	–	–	(3,628)	–	(3,628)
Issue of convertible notes	–	–	–	89,909	–	–	–	–	89,909	–	89,909
Costs of issue of convertible notes	–	–	–	(2,751)	–	–	–	–	(2,751)	–	(2,751)
Shares issued under share option scheme	894	19,980	–	–	–	(3,177)	–	–	17,697	–	17,697
Change in equity for the period	77,577	99,232	–	82,494	(2,500)	(3,177)	196	(10,839)	242,983	(239)	242,744
Balance at 30 June 2011 (unaudited)	100,648	99,458	44,475	87,158	–	4,984	5,398	(74,514)	267,607	(1,820)	265,787

Notes:

1. General information

The Company is a limited liability company incorporated in the Cayman Islands on 29 February 2000. The Company's domicile was changed to Bermuda by way of de-registration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda with effect from 3 December 2009. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The issued shares of the Company have been listed and traded on the GEM since 31 May 2001.

The principal activity of the Company is investment holding. The Group is principally engaged in the development and licensing of software and technology for use in connection with the provision of value-added telecommunication services in the People's Republic of China (the "PRC") and entertainment business in the PRC and Macau.

2. Basis of preparation and accounting policies

The unaudited condensed consolidated financial information has been prepared in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, and applicable disclosure requirements of the GEM Listing Rules and the Hong Kong Companies Ordinance. The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial information are consistent with those used in the annual financial statements for the year ended 31 March 2011. These unaudited condensed consolidated results should be read in conjunction with the Company's 2010/2011 annual report.

The unaudited condensed consolidated financial information has not been audited by the Company's independent auditors, but has been reviewed by the Company's audit committee.

3. Turnover

Turnover represents revenue from licensing of software and technology for use in connection with the provision of value-added telecommunication services in the PRC.

	Three months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Turnover		
Licensing of software income	<u>636</u>	<u>60</u>
	636	60

4. Finance costs

An analysis of finance costs is as follows:

	Three months ended 30 June	
	2011	2010
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Effective interest expenses on the Convertible Bonds (Note (a))	94	318
Effective interest expenses on the First Completion Convertible Notes (Note (b))	1,780	—
	1,874	318

Notes:

- (a) Convertible bonds in the principal amount of HK\$25,000,000 (the "**Convertible Bonds**") were issued to a bondholder on 30 April 2010. Upon receipt of a notice from the bondholder requesting for full conversion of the 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 full conversion of the Convertible Bonds.
- (b) Pursuant to a subscription agreement (the "**Subscription Agreement**") entered into between the Company and the Subscribers (as hereinafter defined) on 23 March 2011 (further details of which are set out in the sub-section entitled "**Subscription for Shares and Convertible Notes**" under the "**MANAGEMENT DISCUSSION AND ANALYSIS**" section), among others, the Company:
- has conditionally agreed to issue to certain convertible notes subscribers and such convertible notes subscribers have conditionally agreed to subscribe for 3-year zero coupon convertible notes in the aggregate principal amount of approximately HK\$371,387,000 (the "**First Completion Convertible Notes**"); and
 - has conditionally agreed to issue to certain convertible notes subscribers and such convertible notes subscribers have conditionally agreed to subscribe for 3-year zero coupon convertible notes in the aggregate principal amount of approximately HK\$224,874,000 (the "**Second Completion Convertible Notes**").

Completion of the issue of the First Completion Convertible Notes took place on 9 June 2011 (the "**First Completion Date**"). Subject to fulfillment of certain conditions, completion of the issue of the Second Completion Convertible Notes will take place on the first anniversary of the First Completion Date.

5. Income tax credit

No provision for Hong Kong or overseas profits tax has been made as the Group has no assessable profits for the period (2010: Nil).

The amount of income tax credited to the unaudited condensed consolidated income statement represents:

	Three months ended 30 June	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Current tax	—	—
Deferred tax	57	69
	<u>57</u>	<u>69</u>

6. Loss per share

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

	Three months ended 30 June	
	2011 (Unaudited)	2010 (Unaudited)
Loss for the period attributable to owners of the Company (HK\$'000)	<u>(10,839)</u>	<u>(7,516)</u>
Weighted average number of ordinary shares in issue (thousands)	<u>4,574,647</u>	<u>2,306,114</u>
Basic loss per share (HK cent per share)	<u>(0.24)</u>	<u>(0.33)</u>

Note: No diluted loss per share has been presented for the period ended 30 June 2011 as the exercise of options and conversion of all outstanding Convertible Bonds and the First Completion Convertible Notes have anti-dilutive effect during the period ended 30 June 2011.

No diluted loss per share was presented for the period ended 30 June 2010 as the exercise of options and conversion of all outstanding Convertible Bonds had anti-dilutive effect during the period ended 30 June 2010.

7. Interim dividend

The Board has resolved not to pay an interim dividend for the three months ended 30 June 2011 (2010: Nil).

8. Significant subsequent events

Proposed Change of Company Name and Increase in Authorised Share Capital

On 21 July 2011, the Company issued a circular with a notice (the "**Notice**") convening the 2011 annual general meeting (the "**AGM**") enclosed therein. At the AGM, the resolutions relating to (i) the change of the name of the Company (the "**Change of Company Name**") and (ii) increase in authorised share capital of the Company will be proposed.

Proposed Change of Company Name

The Board proposed to change the Company's English name from "Rojam Entertainment Holdings Limited" to "Media Asia Group Holdings Limited" and adopt the Chinese name "寰亞傳媒集團有限公司" as the secondary name of the Company. The Board considers that the Change of Company Name will provide a new corporate image, which benefits the future business development of the Group. The Change of Company Name is subject to (i) the passing of a special resolution by the shareholders of the Company (the "**Shareholders**") at the AGM; and (ii) the approval of the Registrar of Companies in Bermuda for the use of the proposed new English name and Chinese name by the Company.

Proposed Increase in Authorised Share Capital

As at the date of the Notice and the date of this report, the authorised share capital of the Company is HK\$500,000,000.00 divided into 50,000,000,000 ordinary shares of HK\$0.01 each (the "**Shares**"), of which 10,110,257,612 Shares were issued and fully paid-up. To provide for greater flexibility and accommodate future expansion and growth of the Company, the Directors proposed to increase the authorised share capital of the Company from HK\$500,000,000.00 to HK\$600,000,000.00 divided into 60,000,000,000 Shares by the creation of an additional 10,000,000,000 Shares, ranking *pari passu* in all respects with the existing Shares. The increase in authorised share capital of the Company is conditional on the Shareholders' approval by an ordinary resolution at the AGM.

Placing of New Shares

On 28 July 2011, the Company and CLSA Limited (the "**Placing Agent**") entered into a conditional placing agreement (the "**Placing Agreement**") pursuant to which the Placing Agent agreed to place up to 2,022,051,522 Shares (the "**Placing Shares**"), on a best effort basis, to not less than six placees who and whose ultimate beneficial owners would be independent of and not connected with any of the Directors, chief executives or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates, at a price of HK\$0.20 per Placing Share (the "**Placing**"). The net proceeds from the Placing are expected to be approximately HK\$401,095,000 which are intended to be used for building up the Company's media and entertainment businesses including film production, television drama production and distribution, events management, investment in movie cinemas and artiste management, all with the primary focus in the PRC and Macau markets, and for general working capital purposes of the Group.

On 1 August 2011, the Company and the Placing Agent further entered into a supplemental agreement to the Placing Agreement (the "**Supplemental Agreement**") pursuant to which the condition precedent for the completion of the Placing requiring the Company to have renewed its general mandate to issue new Shares to be granted to the Directors at the AGM be deleted and replaced by a condition precedent that the Company shall have obtained the approval from the Shareholders at a special general meeting (the "**SGM**") to approve the Placing and the grant of a specific mandate for the allotment and issue of the Placing Shares. A circular containing, among other things, details of the Placing and a notice convening the SGM was despatched by the Company to the Shareholders on 11 August 2011.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Turnover was increased to approximately HK\$636,000 for the three months ended 30 June 2011 from approximately HK\$60,000 for the three months ended 30 June 2010. This is the increase of the licensing of software business of the Group. Loss attributable to owners of the Company for the three months ended 30 June 2011 was approximately HK\$10,839,000 compared to that of approximately HK\$7,516,000 for the three months ended 30 June 2010. Loss per share was approximately 0.24 HK cents compared to that of approximately 0.33 HK cents for the three months ended 30 June 2010.

Cost of sales decreased to approximately HK\$83,000 for the three months ended 30 June 2011 from approximately HK\$95,000 for the three months ended 30 June 2010. The Group's other income decreased to approximately HK\$19,000 for the three months ended 30 June 2011 from approximately HK\$33,000 for the corresponding period of last year. Net operating expenses increased by approximately 35% to approximately HK\$9,833,000 for the three months ended 30 June 2011 from approximately HK\$7,265,000 for the three months ended 30 June 2010. The increase is mainly due to recognition of impairment loss of intangible asset of approximately HK\$2,542,000 for the three months ended 30 June 2011. Finance costs increased to approximately HK\$1,874,000 for the three months ended 30 June 2011 from approximately HK\$318,000 for the three months ended 30 June 2010. The increase of the finance cost is mainly due to recognition of interest expenses on the First Completion Convertible Notes in current period.

At 30 June 2011, the Group had a cash balance of approximately HK\$519 million, increased from approximately HK\$20 million at 31 March 2011. The increase in cash during the first quarter was mainly attributed to completion of the subscription for the Shares and the First Completion Convertible Notes on 9 June 2011.

Subscription for Shares and Convertible Notes

On 23 March 2011, the Company entered into a subscription agreement with Perfect Sky Holdings Limited ("**Perfect Sky**"), a wholly-owned subsidiary of eSun Holdings Limited ("**eSun**") (*Note (1)*), Sun Great Investment Limited, Next Gen Entertainment Limited ("**Next Gen**"), Memestar Limited, On Chance Inc. and Grace Promise Limited (the "**Subscriber(s)**"), pursuant to which (i) the Company has conditionally agreed to issue to Share Subscribers, and Share Subscribers have conditionally agreed to subscribe for a total of 6,918,343,209 Shares (the "**Share Subscription**"); and (ii) the Company has conditionally agreed to issue to convertible notes Subscribers, and convertible notes Subscribers conditionally agreed to subscribe for convertible notes which comprise the First Completion Convertible Notes and the Second Completion Convertible Notes (*Note (2)*). The completion of the Share Subscription and the subscription of the First Completion Convertible Notes (the "**First Completion**") took place on 9 June 2011. Upon the First Completion, the Company issued to the Subscribers (i) an aggregate of 6,918,343,209 Shares for a total subscription price of HK\$118,613,358 and (ii) the First Completion Convertible Notes with an aggregate principal amount of HK\$371,386,642. Immediately after the First Completion, Perfect Sky held approximately 51.30% of the issued share capital of the Company.

Notes:

- (1) eSun is an exempted company incorporated in Bermuda with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 571). Its principal activity is investment holding and the principal activities of its subsidiaries include the development and operation of and investment in media, entertainment as well as music production and distribution, the investment in and production and distribution of film and video format products, the provision of advertising agency services and the sale of cosmetic products.
- (2) Further details of the First Completion Convertible Notes and the Second Completion Convertible Notes are set out in Note 4 of the "Notes to the condensed consolidated financial information".

Unconditional Mandatory Cash Offer by Perfect Sky

Immediately after the First Completion, Perfect Sky and the parties acting in concert with it owned approximately 68.92% of the issued share capital of the Company (i.e. 10,038,257,612 Shares). On 16 June 2011, pursuant to Rule 26.1 of the Hong Kong Code on Takeovers and Mergers (the “**Takeovers Code**”), Perfect Sky made an unconditional mandatory cash offer (the “**Offer**”) to acquire all the issued Shares (other than those already owned or agreed to be acquired by Perfect Sky and the parties acting in concert with it) and a comparable cash offer to cancel the share options (the “**Share Options**”) granted on 15 November 2010 under the share option scheme (the “**Share Option Scheme**”) adopted by the Company on 19 November 2009. The Offer closed on 7 July 2011. The total number of issued Shares increased to 10,110,257,612 Shares, as a result of the exercise of the Share Options from 16 June 2011 to 7 July 2011. Pursuant to the terms of the Share Option Scheme, 25,800,000 outstanding Share Options lapsed automatically upon the close of the Offer. Immediately after the close of the Offer, Perfect Sky owned approximately 50.94% of the issued share capital of the Company, and Perfect Sky and the parties acting in concert with it owned approximately 68.43% of the issued share capital of the Company.

Appointment of New Directors to the Board

Pursuant to the Subscription Agreement, Perfect Sky nominated Dr. Lam Kin Ngok, Peter, Mr. Lui Siu Tsuen, Richard, and Mr. Chan Chi Kwong, and Next Gen nominated Mr. Yu Feng to be appointed as executive Directors with effect from 16 June 2011. The Board approved such appointments and the appointment of Dr. Lam Kin Ngok, Peter as the chairman of the Board with effect from the same date.

Prospects

Completion of the Share Subscription and the subscription of the First Completion Convertible Notes took place on 9 June 2011, and the Company then became an indirect subsidiary of eSun. The Share Subscription and the subscription of the First Completion Convertible Notes have brought new capital to the Group for further development of its existing business and acquisition(s) of business and/or asset should suitable opportunities arise, and have also broadened the shareholder base of the Company. The entertainment business of the Group has been strengthened after the new Shareholders, in particular, eSun who has brought opportunities to the Group 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. The management of the Group will continue endeavouring to explore those opportunities to broaden the Group’s income stream.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

At 30 June 2011, the interests or short positions of the Directors, chief executives of the Company or their respective associates (as defined under the GEM Listing Rules) in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571) of the laws of Hong Kong (the "SFO")) (a) 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 (b) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or (c) which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange were as follows:

(1) The Company

(a) Long positions in Shares

Name of Directors	Capacity in which the Shares are held	Number of the Shares	Approximate percentage of total issued Shares (Note 5)
Dr. Lam Kin Ngok, Peter (Note 1)	(i) Interest of controlled corporations	5,150,000,000	51.17%
	(ii) Deemed interest under S.317 of the SFO	1,768,343,209	17.57%
	Total	<u>6,918,343,209</u>	<u>68.74%</u>
Mr. Yu Feng (Note 2)	(i) Interest of controlled corporations	576,098,633	5.72%
	(ii) Deemed interest under S.317 of the SFO	6,342,244,576	63.02%
	Total	<u>6,918,343,209</u>	<u>68.74%</u>
Mr. Chan Chi Yuen	Beneficial owner	2,300,000	0.02%
Mr. Yeung Wai Hung, Peter (Note 3)	Beneficial owner	2,300,000	0.02%
Mr. Wong Kam Choi	Beneficial owner	2,300,000	0.02%

(b) Long positions in underlying Shares

Name of Directors	Capacity in which the underlying Shares are held	Interests in underlying Shares		Approximate percentage of total issued Shares (Note 5)
		Convertible Notes	Share Options (Note 4)	
Dr. Lam Kin Ngok, Peter (Note 1)	(i) Interest of controlled corporations	15,695,000,000	—	155.94%
	(ii) Deemed interest under S.317 of the SFO	10,235,586,277	—	101.70%
	Total	<u>25,930,586,277</u>		<u>257.64%</u>
Mr. Yu Feng (Note 2)	(i) Interest of controlled corporations	6,486,699,793	—	64.45%
	(ii) Deemed interest under S.317 of the SFO	19,443,886,484	—	193.19%
	Total	<u>25,930,586,277</u>		<u>257.64%</u>
Mr. Chan Chi Ming, Alvin	Beneficial owner	—	23,000,000	0.23%
Mr. Luk Hong Man, Hammond	Beneficial owner	—	19,420,000	0.19%
Ms. Etsuko Hoshiyama	Beneficial owner	—	5,800,000	0.06%

(2) Associated Corporations**(a) eSun****Ordinary shares of HK\$0.50 each**

Name of Director	Capacity in which the shares are held	Number of the shares	Approximate percentage of total issued shares as at 30 June 2011
Dr. Lam Kin Ngok, Peter	(i) Interest of controlled corporations	447,604,186	36.00%
	(ii) Beneficial owner	<u>2,794,443</u>	<u>0.22%</u>
Total		<u>450,398,629</u>	<u>36.22%</u>

(b) Perfect Sky

		Ordinary shares of US\$1.00 each	
Name of Director	Capacity in which the shares are held	Number of the shares	Approximate percentage of total issued shares as at 30 June 2011
Dr. Lam Kin Ngok, Peter	Interest of controlled corporations	1	100.00%

(c) Yunfeng Fund, L.P.

		Ordinary shares of US\$1.00 each	
Name of Director	Capacity in which the shares are held	Number of the shares	Approximate percentage of total issued shares as at 30 June 2011
Mr. Yu Feng	Beneficial Owner	1	13.03%

(d) Next Gen

		Ordinary shares of US\$1.00 each	
Name of Director	Capacity in which the shares are held	Number of the shares	Approximate percentage of total issued shares as at 30 June 2011
Mr. Yu Feng	Interest of controlled corporations	1	100.00%

Notes:

- (1) (a) By virtue of the interest of Dr. Lam Kin Ngok, Peter ("**Dr. Lam**") through his controlled corporations described in paragraph (b) immediately below, Dr. Lam was deemed to be interested in the Shares owned/to be owned by Perfect Sky as shown in the section headed "**SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SECURITIES**" below pursuant to Part XV of the SFO.
- (b) Perfect Sky is a wholly-owned subsidiary of eSun and eSun is indirectly owned as to approximately 36.00% by Lai Sun Development Company Limited ("**LSD**") which is approximately 47.97% directly and indirectly owned by Lai Sun Garment (International) Limited ("**LSG**"). LSG is approximately 8.07% owned by Dr. Lam and is approximately 29.99% owned by Wisdoman Limited which is in turn 50% beneficially owned by Dr. Lam.

- (2) (a) By virtue of the interest of Mr. Yu Feng ("**Mr. Yu**") through his controlled corporations described in paragraph (b) immediately below, Mr. Yu was deemed to be interested in the Shares owned/to be owned by Next Gen as shown in the section headed "**SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SECURITIES**" below pursuant to Part XV of the SFO.
- (b) Next Gen is a wholly-owned subsidiary of Yunfeng Fund, L.P., of which Mr. Yu is the founder and chairman. Mr. Yu is also the sole director of the aforesaid fund's general partner.
- (3) Mr. Yeung Wai Hung, Peter resigned as an independent non-executive Director with effect from 1 August 2011.
- (4) The share options were granted to the Directors pursuant to the Share Option Scheme and their particulars are set out in the section headed "**SHARE OPTION SCHEME**" below.
- (5) The total number of issued Shares as at 30 June 2011 (that is, 10,064,837,612 Shares) has been used for the calculation of the approximate percentage.

Save as disclosed above, as at 30 June 2011, none of the Directors, chief executives of the Company or their respective associates (as defined under the GEM Listing Rules) had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (a) 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 (b) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or (c) which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SECURITIES

Save as disclosed below, so far as it is known to any Director or chief executives of the Company, as at 30 June 2011, no other person (a) had an interest or short position in the Shares or underlying Shares and debentures 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 (b) was directly or indirectly 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 (c) was recorded in the register required to be kept by the Company under Section 336 of the SFO:

Long positions in the Shares

Name of Shareholders	Capacity in which the Shares and the underlying Shares are held	Number of the Shares	Number of the underlying Shares	Deemed interest pursuant to Section 317 of the SFO	Total	Approximate percentage of total issued Shares
				(Note 7)		(Note 9)
Dr. Lam Kin Ngok, Peter (Note 1)	Interest of controlled corporations	5,150,000,000	15,695,000,000	12,003,929,486	32,848,929,486	326.37%
Lai Sun Garment (International) Limited (Note 1)	Interest of controlled corporations	5,150,000,000	15,695,000,000	12,003,929,486	32,848,929,486	326.37%
Zimba International Limited (Note 1)	Interest of controlled corporations	5,150,000,000	15,695,000,000	12,003,929,486	32,848,929,486	326.37%
Lai Sun Development Company Limited (Note 1)	Interest of controlled corporations	5,150,000,000	15,695,000,000	12,003,929,486	32,848,929,486	326.37%
Transtrend Holdings Limited (Note 1)	Interest of controlled corporations	5,150,000,000	15,695,000,000	12,003,929,486	32,848,929,486	326.37%
eSun (Note 1)	Interest of a controlled corporation	5,150,000,000	15,695,000,000	12,003,929,486	32,848,929,486	326.37%
Perfect Sky (Note 1)	Beneficial owner	5,150,000,000	15,695,000,000	12,003,929,486	32,848,929,486	326.37%
Mr. Tse On Kin (Note 2)	Interest of a controlled corporation	1,100,000,000	430,000,000	31,318,929,486	32,848,929,486	326.37%
Sun Great Investments Limited (Note 2)	Beneficial owner	1,100,000,000	430,000,000	31,318,929,486	32,848,929,486	326.37%
Mr. Yu Feng	Interest of controlled corporations	576,098,633	6,486,699,793	25,786,131,060	32,848,929,486	326.37%
Yunfeng Fund, L.P. (Note 3)	Interest of a controlled corporation	576,098,633	6,486,699,793	25,786,131,060	32,848,929,486	326.37%
Next Gen Entertainment Limited (Note 3)	Beneficial owner	576,098,633	6,486,699,793	25,786,131,060	32,848,929,486	326.37%
SINA Corporation (Note 4)	Interest of a controlled corporation	92,244,576	1,164,487,920	31,592,196,990	32,848,929,486	326.37%
Memestar Limited (Note 4)	Beneficial owner	92,244,576	1,164,487,920	31,592,196,990	32,848,929,486	326.37%
Mr. Choi Chiu Fai, Stanley (Note 5)	Interest of a controlled corporation	—	1,077,199,282	31,771,730,204	32,848,929,486	326.37%

Name of Shareholders	Capacity in which the Shares and the underlying Shares are held	Number of the Shares	Number of the underlying Shares	Deemed interest pursuant to Section 317 of the SFO (Note 7)		Total	Approximate percentage of total issued Shares (Note 9)
Ms. Cheung Fung Kuen, Maggie (Note 5)	Interest of a controlled corporation	–	1,077,199,282	31,771,730,204	32,848,929,486		326.37%
Grace Promise Limited (Note 5)	Beneficial owner	–	1,077,199,282	31,771,730,204	32,848,929,486		326.37%
Prowise Global Investment Limited (Note 6)	Interest of a controlled corporation	–	1,077,199,282	31,771,730,204	32,848,929,486		326.37%
Mrs. Hawken Xiu Li (Note 6)	Interest of a controlled corporation	–	1,077,199,282	31,771,730,204	32,848,929,486		326.37%
Mr. Zhou Xin (Note 6)	Interest of a controlled corporation	–	1,077,199,282	31,771,730,204	32,848,929,486		326.37%
嚴紅春 (Note 6)	Interest of a controlled corporation	–	1,077,199,282	31,771,730,204	32,848,929,486		326.37%
On Chance Inc. (Note 6)	Beneficial owner	–	1,077,199,282	31,771,730,204	32,848,929,486		326.37%
Golden Coach Limited (Note 8)	Beneficial owner	750,000,000	–	–	750,000,000		7.45%
Mr. Chan Chun Kuen (Note 8)	(i) Interest of a controlled corporation	750,000,000	–	–	750,000,000		7.45%
	(ii) Beneficial owner	9,000,000	–	–	9,000,000		0.09%
	Total of (i) and (ii)	759,000,000					7.54%

Notes:

- (1) Perfect Sky is wholly-owned by eSun. eSun is owned as to approximately 36.00% by Transtrend Holdings Limited (“**Transtrend**”). Transtrend is wholly-owned by LSD. LSD is approximately 47.97% owned by LSG and two of LSG’s wholly-owned subsidiaries, namely Zimba International Limited (“**Zimba**”) and Joy Mind Limited. LSG is approximately 8.07% owned by Dr. Lam and is approximately 29.99% owned by Wisdoman Limited which is in turn 50% beneficially owned by Dr. Lam. Thus, all the above companies are corporations controlled by Dr. Lam, and Dr. Lam, LSG, Zimba, LSD, Transtrend and eSun were deemed to be interested in such Shares which Perfect Sky is deemed to be interested in pursuant to Part XV of the SFO.
- (2) Sun Great Investments Limited (“**Sun Great**”) is wholly and beneficially owned by Mr. Tse On Kin (“**Mr. Tse**”). Mr. Tse was, therefore, deemed to be interested in such Shares which Sun Great is deemed to be interested in pursuant to Part XV of the SFO.
- (3) Next Gen Entertainment Limited (“**Next Gen**”) is wholly and beneficially owned by Yunfeng Fund, L.P.. The aforesaid fund was, therefore, deemed to be interested in such Shares which Next Gen is deemed to be interested in pursuant to Part XV of the SFO.
- (4) Memestar Limited (“**Memestar**”) is wholly and beneficially owned by SINA Corporation (“**SINA**”). SINA was, therefore, deemed to be interested in such Shares which Memestar is deemed to be interested in pursuant to Part XV of the SFO.
- (5) Grace Promise Limited (“**Grace Promise**”) is wholly and beneficially owned by Mr. Choi Chiu Fai, Stanley (“**Mr. Choi**”). Mr. Choi and his spouse Ms. Cheung Fung Kuen, Maggie were, therefore, deemed to be interested in such Shares which Grace Promise is deemed to be interested in pursuant to Part XV of the SFO.

- (6) On Chance Inc. ("**On Chance**") is owned as to 95% by Mr. Zhou Xin ("**Mr. Zhou**") and as to 5% by Prowise Global Investment Limited ("**Prowise**") which is in turn 100% beneficially owned by Mrs. Hawken Xiu Li ("**Mrs. Hawken**"). Mrs. Hawken, Prowise, Mr. Zhou and his spouse 嚴紅春 were, therefore, deemed to be interested in such Shares which On Chance is deemed to be interested in pursuant to Part XV of the SFO.
- (7) Pursuant to Section 317 of the SFO, each of the Subscribers was deemed to be interested in the Shares and the underlying Shares held by the other Subscribers.
- (8) Golden Coach Limited is wholly and beneficially owned by Mr. Chan Chun Kuen ("**Mr. Chan**"). Mr. Chan was, therefore, deemed to be interested in Golden Coach Limited's interest in 750,000,000 Shares. In addition, Mr. Chan is personally interested in 9,000,000 Shares.
- (9) The total number of issued Shares as at 30 June 2011 (that is, 10,064,837,612 Shares) has been used for the calculation of the approximate percentage.

Save as disclosed above, at 30 June 2011, the Company had not been notified by any persons who had interests or short positions in the Shares or underlying Shares 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.

SHARE OPTION SCHEME

The Company adopted 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 the Shares.

Details of the movements in the Share Options granted and exercised during the three months ended 30 June 2011 under the Share Option Scheme are as follows:

Name of Grantee	Number of share options				Outstanding as at 30 June 2011 (Note (2))	Date of grant	Exercise period	Exercise price per Share (HK\$)
	Outstanding as at 1 April 2011	Granted during the period	Exercised during the period	Lapsed during the period				
Directors								
Mr. Chan Chi Ming, Alvin	23,000,000	–	–	–	23,000,000	15 November 2010	15 November 2010 to 14 November 2020	0.198
Mr. Luk Hong Man, Hammond	23,000,000	–	(3,580,000)	–	19,420,000	15 November 2010	15 November 2010 to 14 November 2020	0.198
Ms. Etsuko Hoshiyama	5,800,000	–	–	–	5,800,000	15 November 2010	15 November 2010 to 14 November 2020	0.198
Mr. Chan Chi Yuen	2,300,000	–	(2,300,000)	–	–	15 November 2010	15 November 2010 to 14 November 2020	0.198
Mr. Zhang Xi	2,300,000	–	(2,300,000)	–	–	15 November 2010	15 November 2010 to 14 November 2020	0.198
Mr. Yeung Wai Hung, Peter (Note (1))	2,300,000	–	(2,300,000)	–	–	15 November 2010	15 November 2010 to 14 November 2020	0.198
Mr. Wong Kam Choi	2,300,000	–	(2,300,000)	–	–	15 November 2010	15 November 2010 to 14 November 2020	0.198
Others	168,600,000	–	(76,600,000)	–	92,000,000	15 November 2010	15 November 2010 to 14 November 2020	0.198
Total	229,600,000	–	(89,380,000)	–	140,220,000			

Notes:

- (1) Mr. Yeung Wai Hung, Peter resigned as an independent non-executive Director with effect from 1 August 2011.
- (2) During the period from 1 July 2011 to 7 July 2011 (being the date of the close of the Offer), Share Options comprising a total of 45,420,000 underlying Shares were exercised and Share Options comprising a total of 69,000,000 underlying Shares were surrendered for cancellation in the Offer. Pursuant to the terms of the Share Option Scheme, 25,800,000 Share Options outstanding as at 7 July 2011 lapsed automatically upon the close of the Offer.

AUDIT COMMITTEE

The Company established an audit committee on 21 May 2001 with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. As at the date of this report, the audit committee comprises three independent non-executive Directors, namely Mr. Chan Chi Yuen, Mr. Zhang Xi and Mr. Wong Kam Choi. The chairman of the audit committee is Mr. Chan Chi Yuen. The audit committee has reviewed the accounting principles and practices adopted by the Group and the unaudited condensed consolidated financial information for the three months ended 30 June 2011.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company did not redeem any of its listed shares nor did the Company or any of its subsidiaries purchase or sold any of the Company's listed securities during the three months ended 30 June 2011.

By Order of the Board
Rojam Entertainment Holdings Limited
Lui Siu Tsuen, Richard
Executive Director

Hong Kong, 12 August 2011

As at the date of this report, the Board comprises seven executive Directors, namely Dr. Lam Kin Ngok, Peter (Chairman), Mr. Yu Feng, Mr. Lui Siu Tsuen, Richard, Mr. Chan Chi Kwong, Ms. Etsuko Hoshiyama, Mr. Chan Chi Ming, Alvin and Mr. Luk Hong Man, Hammond; and three independent non-executive Directors, namely Mr. Chan Chi Yuen, Mr. Zhang Xi and Mr. Wong Kam Choi.