Media Asia 寰亞

Media Asia Group Holdings Limited
寰亞傳媒集團有限公司

(formerly known as Rojam Entertainment Holdings Limited)
（前稱 Rojam Entertainment Holdings Limited）

(Stock Code 股份代號： 8075)

Annual Report 年報 2011

Media Asia expands into China's media and entertainment markets, aiming to bring to the audience with ever-wider, more exuberant choice in entertainment experiences.

寰亞傳媒全面拓展中國大陸傳媒及娛樂市場，為廣大觀眾帶來更豐富、更全面的娛樂享受。

Celebrities, senior management and strategic partners attended the press conference regarding the proposed change of the Company's name and logo held in Shanghai on 28 July 2011.

群星、高級管理層及戰略性合作伙伴出席於二零一一年七月二十八日在上海舉行有關擬更改本公司名稱及標誌之新聞發佈會。

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 of the Stock Exchange 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 Media Asia Group Holdings Limited (formerly known as 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 for the purpose of giving information with regard to Media Asia Group 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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Incorporated in the Cayman Islands and continued in Bermuda

BOARD OF DIRECTORS
Executive Directors
Lam Kin Ngok, Peter *(Chairman)*
Yu Feng
Choi Chiu Fai, Stanley
Tang Jun *(Chief Executive Officer)*
Lui Siu Tsuen, Richard
Chan Chi Kwong
Etsuko Hoshiyama
Chan Chi Ming, Alvin

Independent Non-executive Directors
Chan Chi Yuen
Ng Chi Ho, Dennis
Zhang Xi

AUDIT COMMITTEE
Chan Chi Yuen *(Chairman)*
Ng Chi Ho, Dennis
Zhang Xi

REMUNERATION COMMITTEE
Chan Chi Yuen *(Chairman)*
Tang Jun
Lui Siu Tsuen, Richard
Ng Chi Ho, Dennis
Zhang Xi

AUTHORISED REPRESENTATIVES
Lui Siu Tsuen, Richard
Etsuko Hoshiyama

COMPLIANCE OFFICER
Etsuko Hoshiyama, CPA, AICPA

COMPANY SECRETARY
Etsuko Hoshiyama, CPA, AICPA

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE
Codan Services Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

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

INDEPENDENT AUDITORS
Ernst & Young
Certified Public Accountants

SOLICITORS
As to Hong Kong Law:
Cheung Tong & Rosa Solicitors

As to Bermuda Law:
Conyers Dill & Pearman

PRINCIPAL BANKERS
DBS Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited

LISTING
The issued shares of the Company are listed and traded on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited

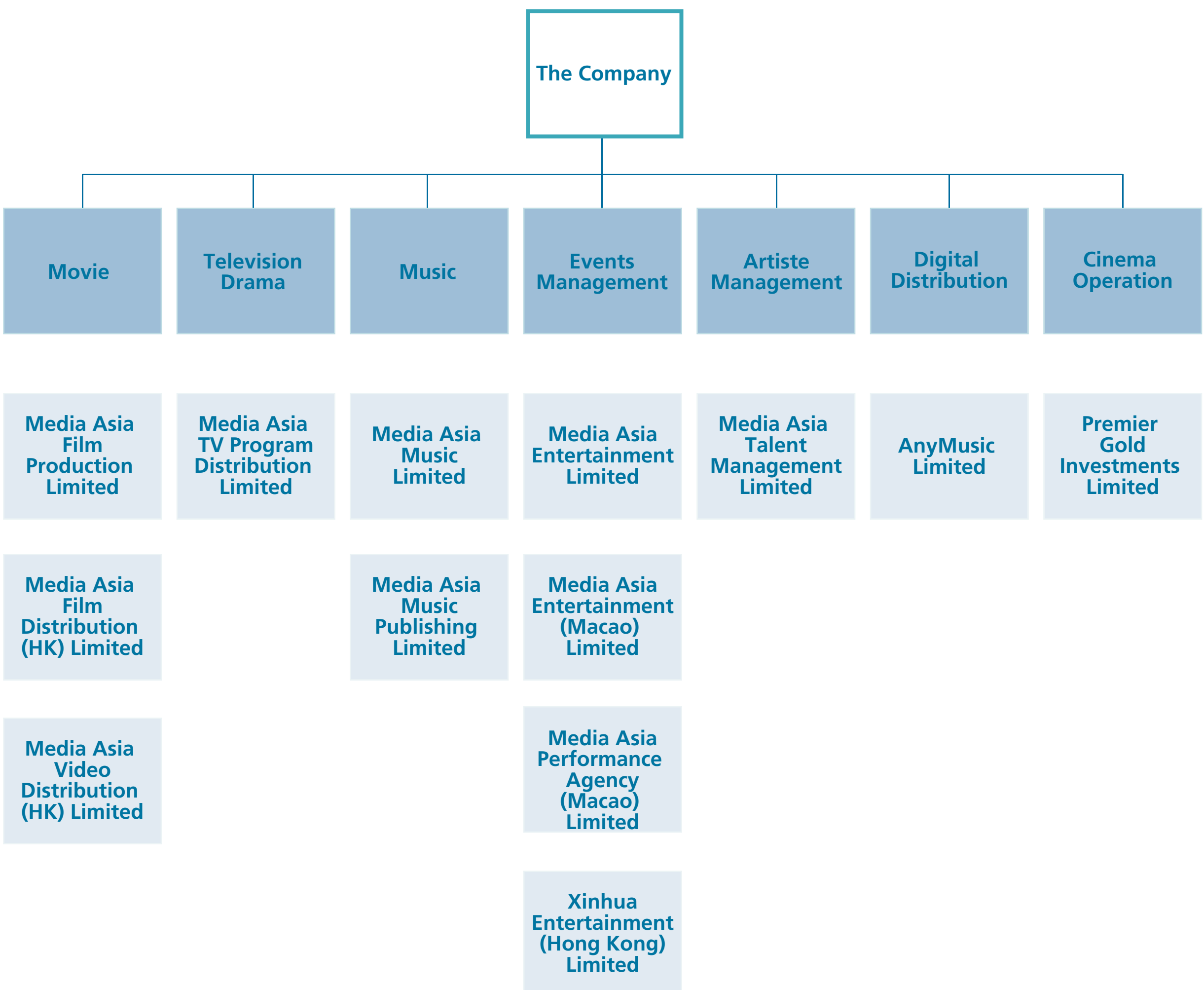
STOCK CODE/BOARD LOT
8075/2,000

WEBSITE
http://www.maghl.com

Corporate Chart

Media Asia Group Holdings Limited (formerly known as 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 issued ordinary shares of HK$0.01 each (the "Shares") have been listed and traded on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 31 May 2001.

The following is a corporate chart of the Company and its subsidiaries (collectively, the "Group") as at the date of this report. The Group's principal activities include film production and distribution; organisation, management and production of concerts and live performances; artiste management; production and distribution of television drama series; music production and publishing; cinema investment and operation; provision of consultancy services in planning and management of cultural, entertainment and live performance projects; provision of contents to new media; operation of new media and related businesses and licensing of software and technology for use in connection with provision of value-added telecommunications services.



Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial periods, as extracted from the published audited financial statements of the Group and restated/reclassified as appropriate, is set out below:

	Period from 1 April 2011 to 31 July 2011	Year ended 31 March			
	2011	2011	2010	2009	2008
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Results for the period/year (continuing operations and discontinued operations)					
Turnover	**10,363**	9,592	1,914	2,714	6,677
Profit/(loss) before tax	**43**	(45,736)	(17,021)	(48,977)	(62,795)
Profit/(loss) attributable to owners of the parent and non-controlling interests	**413**	(45,468)	(16,920)	(47,822)	(63,205)
Assets and liabilities					
Total assets	**581,408**	47,719	56,756	38,292	93,056
Total liabilities	**(289,566)**	(24,676)	(4,381)	(5,323)	(13,378)
Net assets	**291,842**	23,043	52,375	32,969	79,678

Chairman's Statement

LAM Kin Ngok, Peter
Chairman

ACQUISITION OF ROJAM ENTERTAINMENT HOLDINGS LIMITED AND SUBSEQUENT CHANGE OF NAME TO MEDIA ASIA GROUP HOLDINGS LIMITED

On 9 June 2011, eSun Holdings Limited ("eSun"), together with the Yunfeng Fund, the SINA group and other investors, acquired a controlling shareholding interest in Rojam Entertainment Holdings Limited ("Rojam") (the "Acquisition"). Rojam has changed its name to "Media Asia Group Holdings Limited" (寰亞傳媒集團有限公司) with effect from 23 August 2011. The re-branding will enable the Group to expand into the Mainland China's media and entertainment markets by offering mainland audience with a wider and more exuberant choice in entertainment experiences.

Leveraging on eSun's experience and core resources in performance, media and entertainment businesses, events management, and strong business networks of its strategic partners, the business scope of the Group includes film production and distribution, concert and music performance, artiste management, music publishing, television program production and distribution, investment in movie theatres, and new media businesses.

Change of management and change of financial year end date

Reflecting the change of control in the Company, four new executive directors have been appointed in June 2011. Further, the board of directors of the Company (the "Board") appointed two additional executive directors in September and October 2011.

As eSun has become the ultimate holding company of the Company, the Company has opted to align its financial year end date with that of eSun and has since then changed the financial year end date from 31 March to 31 July. This change was effected to substantially simplify the reporting procedures and accounts preparation work.

Placing of new shares

In early September 2011, the Company completed a placing of shares to certain independent investors and net proceeds amounted to approximately HK$291,000,000, thereby providing the Group with additional cash resources for its operations.

OVERVIEW OF RESULTS

During the four-month period from 1 April 2011 to 31 July 2011 (the "Period"), the Group recorded a turnover of approximately HK$10,363,000. As the turnover for the twelve-month period ended 31 March 2011 was approximately HK$9,592,000, pro-forma annualised turnover for the Period represents a 224% increase when compared with the turnover of the Group for the previous twelve-month period. The significant increase in the turnover of the Group was mainly attributable to the revenue derived from the events organised by the Group in Macau and the People's Republic of China (the "PRC" or "China"). The Group's profit before tax for the Period was approximately HK$43,000 (year ended 31 March 2011: loss of approximately HK$45,736,000). Profit attributable to owners of the parent for the Period was approximately HK$985,000 (year ended 31 March 2011: loss of approximately HK$43,887,000).

As at 31 July 2011, the Group's equity attributable to owners of the parent amounted to approximately HK$293,995,000 and the net asset value per share was approximately HK$0.029.

BUSINESS REVIEW

Since the completion of the Acquisition on 9 June 2011, the new management of the Company has been considering how best to harness the diverse experience and expertise of its key stakeholders with a view to gradually diversifying its entertainment business into other sectors.

Some key highlights for the Period are set out below:

Live entertainment

During the Period, the Group organised and participated in three concerts, including Sammi Cheng in Macau, Elva Hsiao in Beijing and Ekin Cheng in the United States of America.

Film production

The Group has started production of a film with well-known casting and has committed equity investment in two projects with leading production companies in the PRC and Europe respectively. The Group has also entered into an agreement with an award-winning film director in Hong Kong, which calls for the film director to direct five films to be produced by the Group in a five-year period.

Cinema operations

The Group, by way of a joint venture with an independent PRC party, has committed an investment of approximately RMB20,000,000 in a cinema project which will be located in a property currently under development in Sanlitun, Beijing, the PRC. Operation of the cinema is anticipated to commence in 2014.

Licensing of software business

This line of business will be under review in light of its importance and contribution to the Group's other lines of business.

PROSPECTS

The Group will adopt a comprehensive revenue plan realised across all major consumer media and entertainment platforms. A dedicated team will be charged to realise this plan with synergistic and cohesive efforts across all divisions of the Group, including film, television, music, live entertainment, talent management and new media. The Group will aim to distribute not only our own products but also contents from third parties with values similar to ours. By leveraging on the strengths of our strategic investors, partners, content providers and advertisers, the Group endeavours to build up a distribution platform that will deliver maximum revenue from our movies, television, music, live entertainment, merchandising and talent management.

The Group will enter markets of strategic importance and expand its portfolio to broaden appeal and synergy. We are also interested in developing location based entertainment projects to create interactive entertainment experiences by linking online activities with offline experiences, and vice versa. Management of the Group will continue to explore opportunities to broaden the Group's income stream through business and/or assets acquisition, with primary focus in the PRC and Macau markets.

The Group anticipates that its first film product will be released in year 2012. It will continue to invest and produce high-quality Chinese language productions with major appeal to the PRC market. The Group will also continue to develop its distribution platform in both theatrical and other formats, for both its own productions and other business partners' products.

The Group has committed to participate in and organise a number of concerts with popular local as well as Asian artistes. Plans are being made to extend its presence by promoting and organising live entertainment events in the PRC and the Macau markets.

The Group is also keen on building up its artiste team and is in discussions with various famous artistes and celebrities, both in Hong Kong and the PRC. The Group is also looking for other talents such as singers and song writers and is planning to publish its own music productions in 2012 with an emphasis on developing new media licensing operations.

The Group believes that the return on investment from television programs, especially television drama series, is promising due to continued strong demand for good quality products from PRC television stations as well as internet video broadcasting website operators. The Group is looking for strategic co-operation opportunities with various well-known producers and directors in this area.

The Group anticipates that the film market will continue to grow in the near future and is therefore actively pursuing opportunities in the cinema operation business. It is in discussion with a property developer to secure the right to operate cinemas in the developer's shopping complex located in major cities of the PRC including Shanghai, Chengdu and Wuhan.

DIVIDEND

The Board does not recommend the payment of a dividend for the four months ended 31 July 2011.

MANAGEMENT AND STAFF

I would like to take this opportunity to welcome the new management team and directors to this exciting venture and I look forward to our collaboration to make the Group a success.

Lam Kin Ngok, Peter
Chairman

Hong Kong, 27 October 2011

FIRST COMPLETION OF SUBSCRIPTION AGREEMENT

On 23 March 2011, the Company entered into a subscription agreement (the "Subscription Agreement") with Perfect Sky Holdings Limited ("Perfect Sky"), a wholly-owned subsidiary of eSun, Sun Great Investments Limited ("Sun Great"), Next Gen Entertainment Limited ("Next Gen"), Memestar Limited ("Memestar"), On Chance Inc. and Grace Promise Limited (collectively, the "Subscriber(s)"), pursuant to which (i) the Company conditionally agreed to issue to Perfect Sky, Sun Great, Next Gen and Memestar (collectively, the "Share Subscribers"), and the Share Subscribers conditionally agreed to subscribe for a total of 6,918,343,209 Shares (the "Share Subscription"); and (ii) the Company conditionally agreed to issue to the Subscribers, and the Subscribers conditionally agreed to subscribe for the convertible notes which comprise the first completion convertible notes in an aggregate principal amount of HK$371,386,642 (the "First Completion Convertible Notes") and the second completion convertible notes in an aggregate principal amount of HK$224,873,937 (the "Second Completion Convertible Notes") (Note).

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 (i) the Share Subscribers an aggregate of 6,918,343,209 Shares for a total subscription price of HK$118,613,358 and (ii) the Subscribers the First Completion Convertible Notes with an aggregate principal amount of HK$371,386,642. The Company then became an indirect subsidiary of eSun.

Note: Further details of the First Completion Convertible Notes and the Second Completion Convertible Notes are set out in Notes 25 and 21 of the "Notes to the financial statements", respectively.

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 of the Company. The board of directors of the Company (the "Board") at that time approved such appointments and the appointment of Dr. Lam Kin Ngok, Peter as the Chairman of the Board with effect from 16 June 2011.

Further, Mr. Tang Jun was appointed an executive director and the Chief Executive Officer of the Company with effect from 6 September 2011 and Mr. Choi Chiu Fai, Stanley was appointed an executive director with effect from 24 October 2011 while Mr. Ng Chi Ho, Dennis was appointed an independent non-executive director of the Company with effect from 3 October 2011.

CHANGE OF FINANCIAL YEAR END DATE

The Board announced on 19 August 2011 the change of financial year end date of the Company from 31 March to 31 July with effect from 31 July 2011 to align the financial year end date of the Company with that of eSun and eSun's other listed affiliates. The consolidated financial statements presented, therefore, covered a four-month period from 1 April 2011 to 31 July 2011.

CHANGE OF COMPANY NAME AND INCREASE IN AUTHORISED SHARE CAPITAL

The Board proposed to seek the approval of the shareholders of the Company (the "Shareholders") at the annual general meeting of the Company held on 20 August 2011 (the "AGM"), among other things, (i) 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 "Change of Company Name") and (ii) to increase the authorised share capital of the Company from HK$500,000,000 divided into 50,000,000,000 Shares to HK$600,000,000 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"). The Change of Company Name and the Increase in Authorised Share Capital were approved by the Shareholders at the AGM. The Change of Company Name was approved by the Registrar of Companies in Bermuda on 23 August 2011 and by the Registrar of Companies in Hong Kong on 12 September 2011. The English stock short name of the Company has been changed from "Rojam" to "Media Asia" and the Chinese stock short name of "寰亞傳媒" has been adopted with effect from 22 September 2011.

PLACING OF NEW SHARES

The Company and CLSA Limited (the "Placing Agent") entered into a conditional placing agreement and a supplemental agreement on 28 July 2011 and 1 August 2011, respectively, pursuant to which the Placing Agent agreed to place up to 2,022,051,522 Shares at a price of HK$0.20 per Share (the "Placing"). The Placing was approved by the Shareholders at the special general meeting of the Company held on 27 August 2011. The Placing was completed on 8 September 2011. An aggregate of 1,467,500,000 Shares were issued to three placees who and whose ultimate beneficial owners are independent of, and not connected with, the Company or any of its subsidiaries or any of their respective associates (as defined in the Rules Governing the Listing of Securities on the GEM (the "GEM Listing Rules")). The net proceeds from the Placing amounted to approximately HK$291,000,000.

FINANCIAL REVIEW

During the Period, the Group recorded a turnover of approximately HK$10,363,000, (year ended 31 March 2011: approximately HK$9,592,000). The significant increase in the annualised turnover of the Group was mainly attributable to the revenue derived from the events organised by the Group in Macau and the PRC. The Group's profit before tax for the Period was approximately HK$43,000 (year ended 31 March 2011: loss of approximately HK$45,736,000). Turning to profit from significant loss of the previous financial year was attributable to fair value gain on the forward contract arising from the Second Completion Convertible Notes. Profit attributable to owners of the parent for the Period was approximately HK$985,000 (year ended 31 March 2011: loss of approximately HK$43,887,000).

Cost of sales for the Period was approximately HK$10,785,000 (year ended 31 March 2011: approximately of HK$7,317,000). Operating expenses for the Period was approximately HK$17,500,000 (year ended 31 March 2011: approximately HK$46,341,000). Fair value gain on a forward contract was HK$20,655,000 (year ended 31 March 2011: Nil). Finance costs being the effective interest expenses on the outstanding principal amounts of the convertible bonds issued in April 2010 and the First Completion Convertible Notes amounting to approximately HK$4,383,000 for the Period had significantly increased when compared with that of approximately HK$1,776,000 for the year ended 31 March 2011. The significant increase was attributable to the issue of the First Completion Convertible Notes.

BUSINESS REVIEW

Live entertainment

During the Period, the Group organised and participated in three concerts, including Sammi Cheng in Macau, Elva Hsiao in Beijing and Ekin Cheng in the United States of America. The total revenue from these concerts amounted to approximately HK$9,760,000.

Film production

The Group has started production of a film with well-known casting and has committed equity investment in two projects with leading production companies in the PRC and Europe respectively. The Group has also entered into an agreement with an award-winning film director in Hong Kong, which calls for the film director to direct five films to be produced by the Group in a five-year period.

Cinema operations

In July 2011, the Group has entered into a framework agreement with an independent PRC party for, by way of a joint venture with the independent PRC party, an investment in a cinema project, which will be located in a property currently under development in Sanlitun, Beijing, the PRC with capital contribution by the Group of approximately RMB3,000,000. Operation of the cinema is anticipated to commence in 2014. Further to the framework agreement, in September 2011, the Group has entered into a joint venture agreement with the independent PRC party. Pursuant to the joint venture agreement, the Group has committed its capital contribution to the joint venture company (to be established) for the aforesaid cinema project of approximately RMB20,000,000.

Licensing of software business

The turnover from licensing of software business for the Period amounted to approximately HK$603,000 while the turnover for the year ended 31 March 2011 was approximately HK$1,968,000. This line of business will be under review in light of its importance and contribution to the Group's other lines of business.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

At 31 July 2011, the Group's shareholders' funds increased by approximately 1,094% to approximately HK$293,995,000 (as at 31 March 2011: approximately HK$24,624,000). The significant increase was mainly attributable to the Share Subscription and the issue of the First Completion Convertible Notes. Total assets amounted to approximately HK$581,408,000 (as at 31 March 2011: approximately HK$47,719,000) which included current assets amounting to approximately HK$568,521,000 (as at 31 March 2011: approximately HK$41,693,000). Current liabilities were approximately HK$12,318,000 (as at 31 March 2011: approximately HK$2,946,000). Net asset value per share as at 31 July 2011 was approximately HK$0.029 (as at 31 March 2011: approximately HK$0.011). Current ratio was approximately 46.2 (as at 31 March 2011: approximately 14.2).

At 31 July 2011, the Group's bank and cash balances significantly increased to approximately HK$507,315,000 (as at 31 March 2011: approximately HK$20,449,000). The balances were approximately 90% denominated in Hong Kong dollars, 2% in Renminbi ("RMB") and 8% in United States dollars. The RMB denominated balances were placed with licensed banks in the PRC. The conversion of these RMB balances into foreign currencies and the remittance of such foreign currencies denominated balances are subject to the rules and regulation of foreign exchange control promulgated by the PRC government. During the Period, the Group had net cash outflows of approximately HK$23,705,000 and approximately HK$43,000 from operating activities and investing activities, respectively and net cash inflow of approximately HK$510,561,000 from financing activities. The significant increase in bank and cash balances is mainly attributable to the proceeds received from the Share Subscription and the issue of the First Completion Convertible Notes.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES *(Continued)*

At 31 July 2011, the net carrying amount of the First Completion Convertible Notes classified as liability was approximately HK$277,153,000 (as at 31 March 2011: convertible bonds of approximately HK$21,215,000). Save for the aforesaid, at 31 July 2011, the Group did not have any bank loans, overdrafts or any other borrowing. No interests have been capitalised during the Period. At 31 July 2011, the gearing ratio of the Group, being the total debts over the equity attributable to owners of the parent, was approximately 94.3% (as at 31 March 2011: 86.2%).

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 July 2011, the Group had no outstanding foreign currency hedge contracts (as at 31 March 2011: Nil).

CHARGE ON GROUP ASSETS

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

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in Note 28 to the financial statements.

MATERIAL ACQUISITION/DISPOSAL AND SIGNIFICANT INVESTMENTS

The Group had no material acquisitions or disposals of subsidiaries during the Period.

CONTINGENT LIABILITIES

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

EMPLOYEE INFORMATION AND REMUNERATION POLICY

At 31 July 2011, the Group had 29 (31 March 2011: 25) employees including 13 directors of the Group (31 March 2011: 9) in Hong Kong and Shenzhen. Staff costs, including directors' emoluments for the Period, amounted to approximately HK$4,933,000 (year ended 31 March 2011: approximately HK$13,956,000). 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 the options subscription agreement, both 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 Shares at the price of HK$0.05 per Share, and (ii) the options to subscribe for 250,000,000 Shares at the price of HK$0.05 per Share. The convertible bonds were converted into 500,000,000 Shares on 18 April 2011 and the options were exercised and 250,000,000 Shares were issued on 5 May 2011.

Biographical Details of Directors

EXECUTIVE DIRECTORS

Dr. Lam Kin Ngok, Peter, aged 54, was appointed an executive director and the Chairman of the Board with effect from 16 June 2011. Dr. Lam is also the deputy chairman of Lai Sun Garment (International) Limited ("LSG"), the chairman of Lai Sun Development Company Limited ("LSD") and Lai Fung Holdings Limited ("LFH"), and an executive director of eSun and Crocodile Garments Limited ("CGL"). The issued shares of LSG, LSD, LFH, eSun and CGL are listed and traded on the Main Board of the Stock Exchange. LSG is the controlling shareholder of LSD while LSD is the controlling shareholder of eSun which is the ultimate holding company of the Company. Dr. Lam has extensive experience in the property development and investment, hospitality and media and entertainment businesses.

Dr. Lam is currently a director of The Real Estate Developers Association of Hong Kong. He is also chairman of Hong Kong Chamber of Films Limited and the Entertainment Industry Advisory Committee of the Hong Kong Trade Development Council, honorary chairman of Hong Kong, Kowloon & New Territories Motion Picture Industry Association Limited, vice chairman of the Hong Kong Film Development Council and a member of the Hong Kong Tourism Board. In addition, Dr. Lam is a trustee of The Better Hong Kong Foundation, a member of the 11th National Committee of the Chinese People's Political Consultative Conference, a member of Friends of Hong Kong Association Limited and a director of Hong Kong-Vietnam Chamber of Commerce Limited. Dr. Lam was conferred an Honorary Doctorate of the Academy by The Hong Kong Academy for Performing Arts in June 2011.

Mr. Yu Feng, aged 48, was appointed an executive director of the Company with effect from 16 June 2011. Mr. Yu is the founder and chairman of Yunfeng Fund, L.P. (the "Yunfeng Fund") which was launched by Mr. Yu together with other entrepreneurs in 2010. He has over 10 years' working experience in the field of media and entertainment industry and has extensive knowledge and recognised credential in the entertainment industry. Mr. Yu holds a Bachelor degree in Philosophy from Fudan University, the PRC and a Master degree in Philosophy from the same university. He has also obtained a Master degree in Executive Master of Business Administration from China Europe International Business School. Mr. Yu is currently a director of each of Huayi Brothers Media Corporation, a company whose securities are listed and traded on the China Growth Enterprise Market and Shanghai Guangdian Electric Group Co., Ltd, a company whose securities are listed and traded on the Shanghai Stock Exchange. Mr. Choi Chiu Fai, Stanley, an executive director of the Company, is also one of the founders of the Yunfeng Fund.

Mr. Choi Chiu Fai, **Stanley**, aged 42, was appointed as an executive director of the Company with effect from 24 October 2011. Mr. Choi possesses about 20 years of experience in securities, futures, financial derivative products and merger and acquisition projects. Apart from working at senior positions for different financial groups in Hong Kong, Mr. Choi has also served as a member of the top management of the following three companies, the shares of which are listed and traded on the Stock Exchange. He was the deputy chairman and an executive director of HyComm Wireless Limited from April 2010 to September 2010, an executive director of Simsen International Corporation Limited from May 2008 to April 2010 and the chief executive officer and an executive director of Oriental Ginza Holdings Limited from October 2006 to October 2007. Mr. Choi received a Bachelor of Business Administration degree (Magna Cum Laude) majoring in finance from Wichita State University and a Master of Science degree in International Finance from University of Illinois, both in the United States of America. In June 2006, he was awarded a Master degree in law from the Law School of the Chinese People's University. He is currently studying for a Doctor of Business Administration programme organised by the City University of Hong Kong and his thesis will be in the area of financial engineering. Mr. Choi is one of the founders of the Yunfeng Fund, a well-capitalised private equity fund focused on telecommunications, media and technology and new energy investment projects.

EXECUTIVE DIRECTORS *(Continued)*

Mr. Choi and the Company have entered into a service agreement with no fixed tenure, which is determinable by the Company or Mr. Choi by giving the other party not less than three months' notice or payment in lieu thereof. Mr. Choi is subject to retirement and re-election as director at the forthcoming special general meeting and if re-elected, is subject to retirement by rotation and re-election at future annual general meetings of the Company ("AGMs") at least once every three years in accordance with the Bye-laws of the Company. Pursuant to the aforesaid service agreement between Mr. Choi and the Company, Mr. Choi is entitled to receive a director's fee of HK$10,000 per month, which has been determined by the Board with reference to the prevailing market conditions and his duties and responsibilities and time allotted to the Company. As at the date of this report,

(a) by virtue of Mr. Choi's interest through his controlled corporation described in paragraph (b) immediately below, Mr. Choi was deemed to have interest in 32,228,248,603 underlying Shares pursuant to Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO");

(b) Grace Promise Limited ("Grace Promise") held 492,092,899 underlying Shares and was deemed to be interested in 31,736,155,704 underlying Shares held by other parties acting in concert pursuant to the Subscription Agreement. Grace Promise is wholly and beneficially owned by Mr. Choi; and

(c) Mr. Choi is one of the founders of the Yunfeng Fund which has interest in an aggregate of 32,228,248,603 underlying Shares within the meaning of Part XV of the SFO, representing 245.26% of the total issued Shares. Mr. Yu Feng, an executive director of the Company, is also the founder and chairman of the Yunfeng Fund.

Save as aforesaid, as at the date of this report, Mr. Choi (i) did not have any relationship with any directors, senior management, or substantial or controlling shareholders of the Company; (ii) did not have any interests in the Shares, underlying Shares or debenture of the Company or any of its associated corporations within the meaning of Part XV of the SFO; (iii) did not hold other positions with the Company and other members of the Group; and (iv) did not hold any directorships in the last three years in any public companies, the securities of which are listed on any securities market in Hong Kong or overseas.

For the purpose of his re-election as a director of the Company at the forthcoming special general meeting, there is no information to be disclosed pursuant to paragraphs (h) to (v) of Rule 17.50(2) of the GEM Listing Rules.

Mr. Tang Jun, aged 49, was appointed an executive director and the Chief Executive Officer of the Company with effect from 6 September 2011. Mr. Tang is a member of both the Executive Committee and the Remuneration Committee of the Company. Mr. Tang has extensive experience in film and entertainment industry both in China and the United States of America. After graduating from the Institute of International Relations in Beijing, China, with a Bachelor degree of Art in 1983, Mr. Tang joined China Film Group, a state-owned Beijing based media and entertainment conglomerate and worked for it until 1993. In 1994, Mr. Tang joined and was appointed the director, China operations of Capital Cities/ABC, Inc., which was merged with The Walt Disney Company ("Walt Disney") in 1996. Mr. Tang had served for Walt Disney until 2010 as corporate senior vice president — China affairs. Prior to joining the Company, Mr. Tang was group senior vice president and chief executive officer of Shanda Tiandi Ltd., a wholly-owned subsidiary of Shanda Interactive Entertainment Limited (listed on Nasdaq), which focuses on developing next generation interactive entertainment, experience and products.

EXECUTIVE DIRECTORS *(Continued)*

The Company has entered into a service agreement with Mr. Tang for a term of three years. Mr. Tang is subject to retirement and re-election as director at the forthcoming special general meeting of the Company and if re-elected, is subject to retirement by rotation and re-election at future AGMs at least once every three years in accordance with the Bye-laws of the Company. Pursuant to the aforesaid service agreement between Mr. Tang and the Company, and by reference to the performance of the Company, his experience, duties and responsibilities and prevailing market practices, Mr. Tang is entitled to receive a total remuneration (inclusive of a director's fee of US$15,000) of US$660,000 per annum and share options to subscribe for a total of 7,077,576 Shares under the share option scheme adopted by the Company on 19 November 2009.

As at the date of this report, Mr. Tang has interest in a share option to subscribe for 94,025,000 Shares pursuant to Part XV of the SFO.

Save as aforesaid, as at the date of this report, Mr. Tang (i) did not have any relationship with any directors, senior management, or substantial or controlling shareholders of the Company; (ii) did not have any interests in the Shares, underlying Shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO; (iii) did not hold other positions with the Company and other members of the Group; and (iv) did not hold any directorships in the last three years in any public companies, the securities of which are listed on any securities market in Hong Kong or overseas.

For the purpose of his re-election as a director of the Company at the forthcoming special general meeting, there is no information to be disclosed pursuant to paragraphs (h) to (v) of Rule 17.50(2) of the GEM Listing Rules.

Mr. Lui Siu Tsuen, Richard, aged 55, was appointed an executive director of the Company with effect from 16 June 2011 and is a director of a number of subsidiaries of the Company. He is also a member of both the Executive Committee and the Remuneration Committee of the Company. Mr. Lui joined eSun in April 2010 as the chief operating officer of its Media and Entertainment Division and became an executive director of eSun with effect from 1 July 2010. He is currently the chief executive officer of eSun and an executive director of LSG, LSD and LFH respectively. LSG is the controlling shareholder of LSD while LSD is the controlling shareholder of eSun which is the ultimate holding company of the Company.

Mr. Lui is also an independent non-executive director of Prosperity Investment Holdings Limited and 21 Holdings Limited. Prior to joining eSun, Mr. Lui was a director of Hanny Holdings Limited and Rosedale Hotel Holdings Limited (formerly known as Wing On Travel (Holdings) Limited). The issued shares of all the aforementioned companies are listed and traded on the Main Board of the Stock Exchange. He was also a director of PSC Corporation Ltd., a company listed on Singapore Exchange Securities Trading Limited and a director of MRI Holdings Limited, a company previously listed on the Australian Securities Exchange. Mr. Lui has over 25 years of experience in property investment, corporate finance and media and entertainment business. He is a fellow member of each of the Hong Kong Institute of Certified Public Accountants and The Chartered Institute of Management Accountants, United Kingdom and an associate of The Institute of Chartered Accountants in England and Wales. He holds a Master of Business Administration degree from The University of Adelaide in Australia.

EXECUTIVE DIRECTORS *(Continued)*

Mr. Chan Chi Kwong, aged 51, was appointed an executive director of the Company with effect from 16 June 2011 and is a member of the Executive Committee of the Company. He is also a director of a number of subsidiaries of the Company. Mr. Chan was appointed a director of East Asia Entertainment Limited, a wholly-owned subsidiary of eSun in October 2008 and a director of East Asia Music (Holdings) Limited, another wholly-owned subsidiary of eSun in November 2010 and is in charge of the non-film operations of the Media and Entertainment Division of eSun. Mr. Chan graduated from the University of Warwick in England with a Bachelor of Science degree in Management Sciences. He has over 20 years of experience in various media and entertainment fields in the PRC and Hong Kong. Prior to joining the eSun group, he was the managing director of Warner Music Hong Kong Limited and had served as senior executives of companies like EMI Hong Kong Limited and SCMP.com Limited.

Ms. Etsuko Hoshiyama, aged 50, has been an executive director of the Company since July 2007 and is a member of the Executive Committee of the Company. She is also a director of certain subsidiaries of the Company. Ms. Hoshiyama joined the Group in March 2000. She is also the company secretary and compliance officer of the Company, responsible for legal and company secretarial affairs 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 United States of America. 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. She has over 20 years of experience in the area of business administration, business development, and tax and business consulting. Before joining the Group, Ms. Hoshiyama was a manager of PricewaterhouseCoopers in Hong Kong.

Mr. Chan Chi Ming, Alvin, aged 42, was appointed an executive director of the Company in September 2009 and is a member of the Executive Committee of the Company. Mr. Chan is also a director of a number of subsidiaries of the Company. He has been responsible for corporate finance and investment of the Group. Mr. Chan obtained a Bachelor degree in Science (Mathematics and Statistics) from the University of Western Ontario in Canada in 1994 and received the Chartered Financial Analyst (CFA) designation in 2000. He has over 15 years of experience in the financial sector. 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 various management positions with Winterthur Group, a member company of Credit Suisse Group.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Chi Yuen, aged 45, was appointed an independent non-executive director of the Company in September 2009. Mr. Chan is the chairman of both the Audit Committee and the Remuneration Committee of the Company. He 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 in the United Kingdom and an associate of The Institute of Chartered Accountants in England and Wales. Mr. Chan is a practising certified public accountant and has extensive experience in financial management, corporate finance and corporate governance.

Mr. Chan is currently an executive director of Sam Woo Holdings Limited, a non-executive director of New Times Energy Corporation Limited and an independent non-executive director of Asia Energy Logistics Group Limited, China Gamma Group Limited, China Gogreen Assets Investment Limited, China Grand Forestry Green Resources Group Limited and U-RIGHT International Holdings Limited. Mr. Chan was an executive director of Kong Sun Holdings Limited from February 2007 to November 2009, Amax Holdings Limited from August 2005 to January 2009 and China E-Learning Group Limited from July 2007 to September 2008, and an independent non-executive director of The Hong Kong Building and Loan Agency Limited from October 2009 to February 2011, Richly Field China Development Limited from February 2009 to August 2010 and Superb Summit International Timber Company Limited from April 2007 to June 2010. The issued shares of all the aforesaid companies are listed and traded on the Stock Exchange.

Pursuant to the letter agreement dated 30 September 2011 and entered into between the Company and Mr. Chan and subject to the terms and conditions contained therein, the appointment of Mr. Chan as an independent non-executive director of the Company is for a term of one year commencing on 30 September 2011.

Mr. Zhang Xi, aged 42, was appointed an independent non-executive director of the Company in September 2009 and is a member of both the Audit Committee and the Remuneration Committee of the Company. Mr. Zhang graduated with a Bachelor degree in Science (Electrical Engineering) from Shanghai Jiao Tong University in July 1991 and obtained an International Master degree in Business Administration from York University in Canada in 1998. Mr. Zhang is currently a Chartered Financial Analyst (CFA) charterholder. He has over 10 years of experience in the financial sector. Mr. Zhang is currently an independent non-executive director of Asia Energy Logistics Group Limited, the shares of which are listed and traded on the Stock Exchange.

Pursuant to the letter agreement dated 29 August 2011 and entered into between the Company and Mr. Zhang and subject to the terms and conditions contained therein, the appointment of Mr. Zhang as an independent non-executive director of the Company is for a term of one year commencing on 1 September 2011.

INDEPENDENT NON-EXECUTIVE DIRECTORS *(Continued)*

Mr. Ng Chi Ho, Dennis, aged 53, was appointed an independent non-executive director and a member of both the Audit Committee and the Remuneration Committee of the Company with effect from 3 October 2011. Mr. Ng holds a Bachelor of Commerce degree from the University of New South Wales, Australia and is an associate of The Institute of Chartered Accountants in Australia and a fellow member of the Hong Kong Institute of Certified Public Accountants. He is also a practising certified public accountant and has extensive experience in auditing, accounting, financial management and corporate affairs.

Mr. Ng was the company secretary of Powerleader Science & Technology Group Limited, a company whose shares are listed and traded on the GEM of the Stock Exchange from July 2007 to April 2010 and is currently the company secretary of Tech Pro Technology Development Limited, a company whose shares are listed and traded on the Main Board of the Stock Exchange.

Pursuant to the letter agreement dated 30 September 2011 and entered into between Mr. Ng and the Company (the "Letter Agreement") and subject to the terms and conditions contained therein, the appointment of Mr. Ng as an independent non-executive director of the Company is for a term of one year. Mr. Ng is subject to retirement and re-election as director at the forthcoming special general meeting and if re-elected, is subject to retirement by rotation and re-election at future AGMs at least once every three years in accordance with the Bye-laws of the Company. Pursuant to the Letter Agreement, Mr. Ng is entitled to receive a director's fee of HK$10,000 per month, which has been determined by the Board with reference to the prevailing market practice and his duties and responsibilities and time allocated to the Company.

Save as aforesaid, as at the date of this report, Mr. Ng (i) did not have any relationship with any directors, senior management, or substantial or controlling shareholders of the Company; (ii) did not have any interests in the Shares, underlying Shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO; (iii) did not hold other positions with the Company and other members of the Group; and (iv) did not hold any directorships in the last three years in any public companies, the securities of which are listed on any securities market in Hong Kong or overseas.

For the purpose of his re-election as a director of the Company at the forthcoming special general meeting, there is no information to be disclosed pursuant to paragraphs (h) to (v) of Rule 17.50(2) of the GEM Listing Rules.

Corporate Governance Report

The Company is committed to achieving and maintaining high standards of corporate governance in compliance with the principles set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 15 to the GEM Listing Rules from time to time.

(1) CORPORATE GOVERNANCE PRACTICES

The Company has complied with all the code provisions set out in the CG Code throughout the four months ended 31 July 2011.

(2) DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a Code of Practice for Securities Transactions by Directors and Designated Employees (the "Securities Code") on terms no less than the required standard set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had also made specific enquiry of all directors of the Company (the "Directors") who have confirmed in writing their compliance with the required standard set out in the Securities Code during the Period.

(3) BOARD OF DIRECTORS

(3.1) The Board supervises the management of the business and affairs of the Company. The Board's primary duty is to ensure the viability of the Company and to ensure that it is managed in the best interests of the shareholders as a whole while taking into account the interests of other stakeholders.

The Board has established specific committees with written terms of reference to assist it in the efficient implementation of its functions, namely the Executive Committee (which was established on 19 August 2011), the Audit Committee and the Remuneration Committee. Specific responsibilities have been delegated to the above committees.

(3.2) As at the date of this report, the Board comprises eight executive Directors, namely Dr. Lam Kin Ngok, Peter (Chairman), Mr. Yu Feng, Mr. Choi Chiu Fai, Stanley, Mr. Tang Jun (Chief Executive Officer), Mr. Lui Siu Tsuen, Richard, Mr. Chan Chi Kwong, Ms. Etsuko Hoshiyama and Mr. Chan Chi Ming, Alvin and three independent non-executive Directors ("INEDs"), namely Mr. Chan Chi Yuen, Mr. Zhang Xi and Mr. Ng Chi Ho, Dennis.

The brief biographical particulars of the above Directors are set out in the "Biographical Details of Directors" section in this annual report on pages 13 to 18.

(3.3) The Company has complied with the requirements under Rules 5.05(1) and (2) of the GEM Listing Rules during the Period. The former Rule requires that every board of directors of a listed issuer must include at least three INEDs and the latter Rule requires that at least one of the INEDs must have appropriate professional qualifications or accounting or related financial management expertise. All INEDs also meet the guidelines for assessment of their independence set out in Rule 5.09 of the GEM Listing Rules.

Save as disclosed in the "Biographical Details of Directors" section of this annual report, none of the Directors has any financial, business, family or other material/relevant relationships with one another.

(4) CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The CG Code requires that the roles of the chairman and the chief executive officer be separated and not be performed by the same individual.

Dr. Lam Kin Ngok, Peter was appointed the Chairman of the Board with effect from 16 June 2011 while the position of the Chief Executive Officer remained vacant and the responsibilities of the Chief Executive Officer were shared amongst other executive Directors during the Period. Mr. Tang Jun was appointed the Chief Executive Officer of the Company with effect from 6 September 2011.

(5) NON-EXECUTIVE DIRECTORS

All the existing non-executive Directors were appointed for a specific term.

(6) NOMINATION OF DIRECTORS

The Company has not established a nomination committee. Potential new Directors will be recruited based on their knowledge, skills, experience and expertise and the requirements of the Company at the relevant time. The process of identifying and selecting appropriate candidates for approval by the Board will be carried out by the executive Directors. The executive Directors followed this process in the appointment of executive Directors during the Period.

(7) REMUNERATION COMMITTEE

(7.1) On 23 October 2006, the Board established a Remuneration Committee which currently comprises three INEDs, namely Messrs. Chan Chi Yuen (Chairman), Zhang Xi and Ng Chi Ho, Dennis (appointed as a member with effect from 3 October 2011) and two executive Directors, namely Mr. Lui Siu Tsuen, Richard and Mr. Tang Jun (appointed as members with effect from 12 August 2011 and 21 October 2011 respectively).

(7.2) The Remuneration Committee has been charged with the responsibility of making recommendations to the Board on an appropriate policy and framework for all aspects of remuneration of all Directors and senior management, including but not limited to directors' fees, salaries, allowances, bonuses, share options, benefits in kind and pension rights to ensure that the level of remuneration offered by the Company is competitive and sufficient to attract, retain and motivate personnel of the required quality to manage the Company successfully.

(7.3) The Remuneration Committee held one meeting during the Period to review the remuneration of the newly appointed executive Directors.

(8) AUDIT COMMITTEE

(8.1) On 21 May 2001, the Board established an Audit Committee which currently comprises three INEDs, namely Mr. Chan Chi Yuen (Chairman), Mr. Zhang Xi and Mr. Ng Chi Ho, Dennis (appointed as a member with effect from 3 October 2011).

The principal responsibilities of the Audit Committee include the monitoring of the integrity of periodical financial statements of the Company, the review of significant financial reporting judgements contained in them before submission to the Board for approval, and the review and monitoring of the auditors' independence and objectivity as well as the effectiveness of the audit process.

The Company has complied with Rule 5.28 of the GEM Listing Rules in that at least one of the members of the Audit Committee (which must comprise a minimum of three members and must be chaired by an INED) is an INED who possesses appropriate professional qualifications or accounting or related financial management expertise.

(8.2) The Audit Committee held two meetings during the Period. It reviewed the audited annual results of the Company for the year ended 31 March 2011 and other matters related to the financial and accounting policies and practices of the Company.

(9) INDEPENDENT AUDITORS' REMUNERATION

Messrs. Ernst & Young, Certified Public Accountants ("E&Y") were appointed independent auditors of the Company at the AGM in place of Messrs. RSM Nelson Wheeler, Certified Public Accountants ("RSM"), the retiring independent auditors of the Company, which did not seek re-appointment at the AGM. The remuneration in respect of the services provided by E&Y and RSM for the Group for the Period and for the year ended 31 March 2011 respectively is analysed as follows:

	Period from 1 April 2011 to 31 July 2011 E&Y HK$'000	Year ended 31 March 2011 RSM HK$'000
Audit services	**1,100**	680
Non-audit services	**510**	—

The non-audit services provided by E&Y during the Period included mainly the accounting and advisory services.

(10) FINANCIAL REPORTING

The Directors are responsible for the preparation of the financial statements which give a true and fair view of the state of affairs of the Company and its subsidiaries, in accordance with accounting principles generally accepted in Hong Kong.

The statement by the independent auditors of the Company about their responsibilities for the financial statements is set out in the independent auditors' report contained in this annual report.

(11) ATTENDANCE RECORD AT MEETINGS

The attendance record of each Director at Board meetings, Audit Committee meetings and Remuneration Committee meetings during the Period is set out in the following table:

Meetings held between 1 April 2011 and 31 July 2011

Directors	Board	Audit Committee	Remuneration Committee
Number of Meetings held	15	2	1
	Number of meetings attended/ Number of meetings held		
Executive Directors			
Dr. Lam Kin Ngok, Peter *(Note 1)*	2/6	N/A	N/A
Mr. Yu Feng *(Note 1)*	1/6	N/A	N/A
Mr. Lui Siu Tsuen, Richard *(Note 1)*	5/6	N/A	N/A
Mr. Chan Chi Kwong *(Note 1)*	4/6	N/A	N/A
Ms. Etsuko Hoshiyama	14/15	N/A	N/A
Mr. Chan Chi Ming, Alvin	14/15	N/A	N/A
Mr. Luk Hong Man, Hammond *(Note 2)*	12/15	N/A	N/A
Independent Non-executive Directors			
Mr. Zhang Xi	7/15	2/2	1/1
Mr. Chan Chi Yuen	6/15	1/2	1/1
Mr. Yeung Wai Hung, Peter *(Note 3)*	6/15	2/2	1/1
Mr. Wong Kam Choi *(Note 4)*	5/15	2/2	1/1

Notes:

1. Dr. Lam Kin Ngok, Peter, Mr. Yu Feng, Mr. Lui Siu Tsuen, Richard and Mr. Chan Chi Kwong were appointed executive Directors with effect from 16 June 2011.
2. Mr. Luk Hong Man, Hammond retired from office after the conclusion of the AGM held on 20 August 2011.
3. Mr. Yeung Wai Hung, Peter resigned with effect from 1 August 2011.
4. Mr. Wong Kam Choi resigned with effect from 12 September 2011.

(12) INTERNAL CONTROLS

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.

(13) COMMUNICATION WITH SHAREHOLDERS

The Company has established a number of channels to communicate with the Shareholders as follows:

(i) corporate communications such as annual reports, quarterly reports, interim reports and circulars are issued in printed form and are available on the Stock Exchange's website at www.hkex.com.hk and the Company's website at www.maghl.com (formerly www.rojam.com);

(ii) periodic announcements are made through the Stock Exchange and published on the respective websites of the Stock Exchange and the Company;

(iii) corporate information is made available on the Company's website;

(iv) annual and special general meetings provide a forum for the Shareholders to make comments and exchange views with the Directors and senior management; and

(v) the Company's branch share registrar in Hong Kong serves the Shareholders in respect of share registration, dividend payment and related matters.

(14) INVESTOR RELATIONS

The Company keeps on promoting investor relations and enhancing communication with the existing Shareholders and potential investors. It welcomes suggestions from investors, stakeholders and the public who may contact the Company by phone on (852) 3184 0990 during normal business hours, by fax at (852) 3184 9999 or by e-mail at info@maghl.com.

Report of the Directors

The Directors present their report together with the audited consolidated financial statements for the period from 1 April 2011 to 31 July 2011.

PRINCIPAL ACTIVITIES

During the Period, the Company acted as an investment holding company. The principal activities of its subsidiaries are set out in Note 17 to the financial statements.

An analysis of the Group's performance for the Period by business and geographical segments is set out in Note 5 to the financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the Period are set out in the consolidated income statement on page 39. The Board does not recommend the payment of a dividend for the Period (year ended 31 March 2011: Nil).

RESERVES

Details of the movements in the reserves of the Group and of the Company during the Period are set out in Note 30 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the Period are set out in Note 14 to the financial statements.

CONVERTIBLE NOTES AND CONVERTIBLE BONDS

Details of the convertible notes and convertible bonds issued by the Company are set out in Notes 25 and 26 to the financial statements, respectively.

SHARE CAPITAL

Details of the movements in share capital of the Company during the Period are set out in Note 28 to the financial statements.

DISTRIBUTABLE RESERVES

At 31 July 2011, the Company had no reserves available for cash distribution and/or distribution in specie. However, the Company's share premium account, in the amount of approximately HK$109,611,000, may be applied to pay up unissued shares to be issued to members of the Company as fully paid bonus shares.

SUMMARY OF FINANCIAL INFORMATION

A summary of the results and of the assets and liabilities of the Group for the last five financial periods is set out in the Financial Summary of this annual report on page 5.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the Period, the Company did not redeem any of its shares listed on the Stock Exchange nor did the Company or any of its subsidiaries purchase or sell any of such shares.

DIRECTORS

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

Executive Directors

Dr. Lam Kin Ngok, Peter *(Chairman)*	(appointed with effect from 16 June 2011)
Mr. Yu Feng	(appointed with effect from 16 June 2011)
Mr. Choi Chiu Fai, Stanley	(appointed with effect from 24 October 2011)
Mr. Tang Jun *(Chief Executive Officer)*	(appointed with effect from 6 September 2011)
Mr. Lui Siu Tsuen, Richard	(appointed with effect from 16 June 2011)
Mr. Chan Chi Kwong	(appointed with effect from 16 June 2011)
Ms. Etsuko Hoshiyama	
Mr. Chan Chi Ming, Alvin	
Mr. Luk Hong Man, Hammond	(retired on 20 August 2011)

Independent non-executive Directors

Mr. Zhang Xi	
Mr. Chan Chi Yuen	
Mr. Yeung Wai Hung, Peter	(resigned with effect from 1 August 2011)
Mr. Wong Kam Choi	(resigned with effect from 12 September 2011)
Mr. Ng Chi Ho, Dennis	(appointed with effect from 3 October 2011)

In accordance with By-law 83(2) of the Company's Bye-laws and code provision A.4.2 of the Code on Corporate Government Practices of the GEM Listing Rules, Mr. Ng Chi Ho, Dennis is required to retire at the forthcoming special general meeting. Being eligible, he offers himself for re-election.

As a good corporate governance practice, Mr. Tang Jun and Mr. Choi Chiu Fai, Stanley voluntarily retire as directors and offer themselves for re-election though they are due to retire only at the annual general meeting to be held in 2012.

BIOGRAPHICAL DETAILS OF DIRECTORS

Brief biographical particulars of the Directors are set out on pages 13 to 18 of this annual report. Other particulars of the same are contained elsewhere in this report.

DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the forthcoming special 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' INTERESTS IN CONTRACTS

Save as disclosed in Note 33 to the financial statements, no Director had a material interest, whether directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the Period.

CONTROLLING SHAREHOLDER'S INTERESTS IN CONTRACTS

Save as disclosed in Note 33 to the financial statements, at no time during the Period had the Company or any of its subsidiaries, and the controlling shareholder or any of its subsidiaries entered into any contract of significance or any contract of significance for the provision of services by the controlling shareholder or any of its subsidiaries to the Company or any of its subsidiaries.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the Period and at the date of this report, the following Director was considered to have interests in the businesses, which compete or are likely to compete, either directly or indirectly, with the businesses of the Group pursuant to the GEM Listing Rules.

Mr. Yu Feng held shareholding interests and/or directorships in companies engaged in the entertainment businesses in the Mainland of China.

However, the Board is independent from the board of directors of the aforesaid companies and Mr. Yu cannot personally control the Board. Further, Mr. Yu is fully aware of, and has been discharging, his fiduciary duty to the Company and has acted and will continue to act in the best interest of the Company and its Shareholders as a whole. Therefore, the Group is capable of carrying on its businesses independently of, and at arm's length from the business of such companies.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

At 31 July 2011, the interests or short positions of the Directors and chief executive of the Company or their respective associates (as defined under the GEM Listing Rules) in the Shares, underlying Shares and debentures of the Company and 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 (the "Register") referred to therein, or (c) which were required, pursuant to the Code of Practice for Securities Transaction by Directors and Designated Employees adopted by the Company, to be notified to the Company and the Stock Exchange, were are 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	5,150,425,500	50.94%
	(ii) Deemed interest under S.317 of the SFO	1,768,343,209	17.49%
	Total	6,918,768,709	68.43%
Mr. Yu Feng *(Note 2)*	(i) Interest of controlled corporations	576,098,633	5.70%
	(ii) Deemed interest under S.317 of the SFO	6,342,670,076	62.73%
	Total	6,918,768,709	68.43%
Ms. Etsuko Hoshiyama	Beneficial owner	3,000,000	0.03%
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 *(Note 4)*	Beneficial owner	2,300,000	0.02%

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES *(Continued)*

(1) The Company *(Continued)*

(b) Long positions in underlying Shares

Name of Directors	Capacity in which the underlying Shares are held	Interests in the underlying Shares	Approximate percentage of total issued Shares *(Note 5)*
Dr. Lam Kin Ngok, Peter *(Note 1)*	(i) Interest of controlled corporations	15,695,000,000	155.24%
	(ii) Deemed interest under S.317 of the SFO	10,235,586,277	101.24%
	Total	25,930,586,277	256.48%
Mr. Yu Feng *(Note 2)*	(i) Interest of controlled corporations	6,486,699,793	64.16%
	(ii) Deemed interest under S.317 of the SFO	19,443,886,484	192.32%
	Total	25,930,586,277	256.48%

(2) Associated Corporations

(a) eSun Holdings Limited

	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 31 July 2011
Dr. Lam Kin Ngok, Peter	(i) Interest of controlled corporations	447,604,186	36.00%
	(ii) Beneficial owner	2,794,443	0.22%
	Total	450,398,629	36.22%

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES *(Continued)*

(2) Associated Corporations *(Continued)*

(b) Perfect Sky Holdings Limited

Name of Director	Capacity in which the shares are held	Number of the shares	Approximate percentage of total issued shares as at 31 July 2011
	Ordinary shares of US$1.00 each		
Dr. Lam Kin Ngok, Peter	Interest of controlled corporations	1	100.00%

(c) Yunfeng Fund, L. P.

Name of Director	Capacity in which the shares are held	Number of the shares	Approximate percentage of total issued shares as at 31 July 2011
Mr. Yu Feng	Beneficial Owner	1	13.03%

(d) Next Gen Entertainment Limited

Name of Director	Capacity in which the shares are held	Number of the shares	Approximate percentage of total issued shares as at 31 July 2011
	Ordinary shares of US$1.00 each		
Mr. Yu Feng	Interest of controlled corporations	1	100.00%

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES *(Continued)*

(2) Associated Corporations *(Continued)*

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 the Yunfeng Fund, 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) Mr. Wong Kam Choi resigned as an independent non-executive Director with effect from 12 September 2011.

(5) The total number of issued Shares as at 31 July 2011 (that is, 10,110,257,612 Shares) has been used for the calculation of the approximate percentage.

Save as disclosed above, as at 31 July 2011, none of the Directors or chief executive of the Company was interested, or was deemed to be interested in the long and short positions in the Shares, underlying Shares and/or debentures of the Company or any of its associated corporations, which were required to be notified to the Company and the Stock Exchange or recorded in the Register as aforesaid.

ARRANGEMENT FOR DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the "Share Option Scheme" section and in Note 29 to the financial statements, at no time during the Period was the Company or any of its subsidiaries a party to any arrangement to enable a Director to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SECURITIES

As at 31 July 2011, so far as it is known by or otherwise notified by any Director or the chief executive of the Company, the particulars of the corporations or persons who had 5% or more interests in the following long positions in the Shares and underlying Shares as recorded in the register required to be kept under Section 336 of the SFO or were entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of the Company (the "Voting Entitlements") (i.e. within the meaning of substantial shareholders of the GEM Listing Rules) were as follows:

Long position 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 *(Note 7)*	Total	Approximate percentage of total issued Shares *(Note 9)*
Dr. Lam Kin Ngok, Peter *(Note 1)*	Interest of controlled corporations	5,150,425,500	15,695,000,000	12,003,929,486	32,849,354,986	324.91%
Lai Sun Garment (International) Limited *(Note 1)*	Interest of controlled corporations	5,150,425,500	15,695,000,000	12,003,929,486	32,849,354,986	324.91%
Zimba International Limited *(Note 1)*	Interest of controlled corporations	5,150,425,500	15,695,000,000	12,003,929,486	32,849,354,986	324.91%
Lai Sun Development Company Limited *(Note 1)*	Interest of controlled corporations	5,150,425,500	15,695,000,000	12,003,929,486	32,849,354,986	324.91%
Transtrend Holdings Limited *(Note 1)*	Interest of controlled corporations	5,150,425,500	15,695,000,000	12,003,929,486	32,849,354,986	324.91%
eSun Holdings Limited *(Note 1)*	Interest of a controlled corporation	5,150,425,500	15,695,000,000	12,003,929,486	32,849,354,986	324.91%
Perfect Sky Holdings Limited *(Note 1)*	Beneficial owner	5,150,425,500	15,695,000,000	12,003,929,486	32,849,354,986	324.91%
Mr. Tse On Kin *(Note 2)*	Interest of a controlled corporation	1,100,000,000	430,000,000	31,319,354,986	32,849,354,986	324.91%
Sun Great Investments Limited *(Note 2)*	Beneficial owner	1,100,000,000	430,000,000	31,319,354,986	32,849,354,986	324.91%
Mr. Yu Feng *(Note 3)*	Interest of controlled corporations	576,098,633	6,486,699,793	25,786,556,560	32,849,354,986	324.91%
Yunfeng Fund, L. P. *(Note 3)*	Interest of a controlled corporation	576,098,633	6,486,699,793	25,786,556,560	32,849,354,986	324.91%
Next Gen Entertainment Limited *(Note 3)*	Beneficial owner	576,098,633	6,486,699,793	25,786,556,560	32,849,354,986	324.91%
SINA Corporation *(Note 4)*	Interest of a controlled corporation	92,244,576	1,164,487,920	31,592,622,490	32,849,354,986	324.91%

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SECURITIES

(Continued)

Long position in the Shares *(Continued)*

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)*
Memestar Limited *(Note 4)*	Beneficial owner	92,244,576	1,164,487,920	31,592,622,490	32,849,354,986	324.91%
Mr. Choi Chiu Fai, Stanley *(Note 5)*	Interest of a controlled corporation	—	1,077,199,282	31,772,155,704	32,849,354,986	324.91%
Ms. Cheung Fung Kuen, Maggie *(Note 5)*	Interest of a controlled corporation	—	1,077,199,282	31,772,155,704	32,849,354,986	324.91%
Grace Promise Limited *(Note 5)*	Beneficial owner	—	1,077,199,282	31,772,155,704	32,849,354,986	324.91%
Prowise Global Investment Limited *(Note 6)*	Interest of a controlled corporation	—	1,077,199,282	31,772,155,704	32,849,354,986	324.91%
Mrs. Hawken Xiu Li *(Note 6)*	Interest of a controlled corporation	—	1,077,199,282	31,772,155,704	32,849,354,986	324.91%
Mr. Zhou Xin *(Note 6)*	Interest of a controlled corporation	—	1,077,199,282	31,772,155,704	32,849,354,986	324.91%
嚴紅春 *(Note 6)*	Interest of a controlled corporation	—	1,077,199,282	31,772,155,704	32,849,354,986	324.91%
On Chance Inc. *(Note 6)*	Beneficial owner	—	1,077,199,282	31,772,155,704	32,849,354,986	324.91%
Golden Coach Limited *(Note 8)*	Beneficial owner	688,000,000	—	—	688,000,000	6.80%
Mr. Chan Chun Kuen *(Note 8)*	(i) Interest of a controlled corporation	688,000,000	—	—	688,000,000	6.80%
	(ii) Beneficial owner	9,000,000	—	—	9,000,000	0.09%
	Total of (i) and (ii)	697,000,000				6.89%

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SECURITIES

(Continued)

Long position in the Shares *(Continued)*

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 are deemed to be interested in such Shares which Perfect Sky is interested in pursuant to Part XV of the SFO.

(2) Sun Great is wholly and beneficially owned by Mr. Tse On Kin ("Mr. Tse"). Mr. Tse is, therefore, deemed to be interested in such Shares which Sun Great is interested in pursuant to Part XV of the SFO.

(3) Next Gen is wholly and beneficially owned by the Yunfeng Fund, of which Mr. Yu is the founder and chairman. Mr. Yu and the Yunfeng Fund are, therefore, deemed to be interested in such Shares which Next Gen is interested in pursuant to Part XV of the SFO. Mr. Yu is also the sole director of the general partner of the Yunfeng Fund.

(4) Memestar is wholly and beneficially owned by SINA Corporation ("SINA"). SINA is, therefore, deemed to be interested in such Shares which Memestar is interested in pursuant to Part XV of the SFO.

(5) 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 are, therefore, deemed to be interested in such Shares which Grace Promise is interested in pursuant to Part XV of the SFO. Mr. Choi was appointed an executive Director with effect from 24 October 2011.

(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 are, therefore, deemed to be interested in such Shares which On Chance is 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 is, therefore, deemed to be interested in Golden Coach Limited's interest in 688,000,000 Shares. In addition, Mr. Chan is personally interested in 9,000,000 Shares.

(9) The total number of issued Shares as at 31 July 2011 (that is, 10,110,257,612 Shares) has been used for the calculation of the approximate percentage.

Save as disclosed above, the Directors are not aware of any other corporation or person who, as at 31 July 2011, had the Voting Entitlements or any interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept under Section 336 of the SFO.

MAJOR CUSTOMERS AND SUPPLIERS

During the Period, the Group had three identifiable largest customers accounted for approximately 77% of the Group's total revenue and income from the largest customer included therein amounted to approximately 62%.

Purchases from the Group's five largest suppliers accounted for approximately 59% of the Group's total purchases for the Period and purchases from the largest supplier included therein amounted to approximately 21%.

None of the Directors, their associates or any Shareholder (which to the knowledge of the Directors own more than 5% of the Company's issued Shares) had an interest in the five largest suppliers or customers of the Group.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has complied with the sufficiency of public float requirement under the GEM Listing Rules at any time during the Period, and as at the date of this annual report.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's By-laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to its 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 the Shares.

SHARE OPTION SCHEME *(Continued)*

Details of the movements in the share options granted and exercised during the Period under the Share Option Scheme are as follows:

Name of grantee	Number of share options: Outstanding as at 1 April 2011	Granted during the Period	Exercised during the Period	Lapsed during the Period *(Note (4))*	Cancelled during the Period *(Note (4))*	Outstanding as at 31 July 2011	Date of grant (dd-mm-yyyy)	Exercise period (dd-mm-yyyy)	Exercise price per Share *(HK$)*
Directors									
Mr. Chan Chi Ming, Alvin	23,000,000	—	(23,000,000)	—	—	—	15-11-2010	15-11-2010 to 14-11-2020	0.198
Mr. Luk Hong Man, Hammond *(Note (2))*	23,000,000	—	(23,000,000)	—	—	—	15-11-2010	15-11-2010 to 14-11-2020	0.198
Ms. Etsuko Hoshiyama	5,800,000	—	(3,000,000)	(2,800,000)	—	—	15-11-2010	15-11-2010 to 14-11-2020	0.198
Mr. Chan Chi Yuen	2,300,000	—	(2,300,000)	—	—	—	15-11-2010	15-11-2010 to 14-11-2020	0.198
Mr. Zhang Xi	2,300,000	—	(2,300,000)	—	—	—	15-11-2010	15-11-2010 to 14-11-2020	0.198
Mr. Yeung Wai Hung, Peter *(Note (1))*	2,300,000	—	(2,300,000)	—	—	—	15-11-2010	15-11-2010 to 14-11-2020	0.198
Mr. Wong Kam Choi *(Note (3))*	2,300,000	—	(2,300,000)	—	—	—	15-11-2010	15-11-2010 to 14-11-2020	0.198
Employees	76,600,000	—	(7,600,000)	—	(69,000,000)	—	15-11-2010	15-11-2010 to 14-11-2020	0.198
Others	92,000,000	—	(69,000,000)	(23,000,000)	—	—	15-11-2010	15-11-2010 to 14-11-2020	0.198
Total	229,600,000	—	(134,800,000)	(25,800,000)	(69,000,000)	—			

Notes:

(1) Mr. Yeung Wai Hung, Peter resigned as an independent non-executive Director with effect from 1 August 2011.

(2) Mr. Luk Hong Man, Hammond retired as an executive Director after the conclusion of the AGM held on 20 August 2011.

(3) Mr. Wong Kam Choi resigned as an independent non-executive Director with effect from 12 September 2011.

(4) 69,000,000 underlying Shares were surrendered for cancellation in the unconditional mandatory cash offer made by Perfect Sky (the "Offer"). Pursuant to the terms of the Share Option Scheme, 25,800,000 share options outstanding as at 7 July 2011 (being the date of the close of the Offer) lapsed automatically upon the close of the Offer.

(5) There is no vesting period for the share options.

Details of the Share Option Scheme are set out in Note 29 to the financial statements.

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 Scheme Ordinance (Chapter 485 of the Laws of Hong Kong). Under the scheme, the employees are required to contribute 5% of their monthly salaries up to a maximum of HK$1,000 and they may choose to make additional contributions. The employer's monthly contribution is at the rate of 5% of each employee's monthly salary up to the maximum limit of HK$1,000.

A subsidiary in the PRC is required to participate in a 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 ranging from 7% to 22% of the basic salary of its employees.

CORPORATE GOVERNANCE

Details of the Company's corporate governance practices are set out in the Corporate Governance Report on pages 19 to 23 of this annual report.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors in writing an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules and the Company considers all the independent non-executive Directors to be independent.

INDEPENDENT AUDITORS

E&Y were appointed auditors of the Company in place of the retiring auditors, RSM, at the AGM to hold office until the conclusion of the next annual general meeting. Save as aforesaid, there were no other changes of auditors in the past three years. A resolution for the re-appointment of E&Y as independent auditors of the Company will be proposed at the annual general meeting in 2012.

The consolidated financial statements have been audited by E&Y.

On behalf of the Board

Lam Kin Ngok, Peter
Chairman
Hong Kong, 27 October 2011

ERNST & YOUNG
安 永

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF MEDIA ASIA GROUP HOLDINGS LIMITED
(FORMERLY KNOWN AS ROJAM ENTERTAINMENT HOLDINGS LIMITED)
(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

We have audited the consolidated financial statements of Media Asia Group Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 39 to 114, which comprise the consolidated and company statements of financial position as at 31 July 2011, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period from 1 April 2011 to 31 July 2011, 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 the 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 (the "HKICPA") 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 auditors' 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 auditors consider internal control relevant to the entity's preparation of the 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 July 2011, and of the Group's profit and cash flows for the period from 1 April 2011 to 31 July 2011 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.

Ernst & Young
Certified Public Accountants
Hong Kong

18th Floor
Two International Finance Centre
8 Finance Street, Central
Hong Kong

27 October 2011

Consolidated Income Statement

Period from 1 April 2011 to 31 July 2011

	Notes	Period from 1 April 2011 to 31 July 2011 HK$'000	Year ended 31 March 2011 HK$'000
TURNOVER	6	**10,363**	9,592
Cost of sales		**(10,785)**	(7,317)
Gross profit/(loss)		**(422)**	2,275
Other income	6	**50**	106
Marketing expenses		**(2,956)**	(241)
Administrative expenses		**(10,112)**	(35,412)
Fair value gain on a forward contract	21	**20,655**	—
Other operating gains		**1,643**	—
Other operating expenses		**(4,432)**	(10,688)
PROFIT/(LOSS) FROM OPERATING ACTIVITIES		**4,426**	(43,960)
Finance costs	7	**(4,383)**	(1,776)
PROFIT/(LOSS) BEFORE TAX	8	**43**	(45,736)
Income tax credit	10	**370**	268
PROFIT/(LOSS) FOR THE PERIOD/YEAR		**413**	(45,468)
Attributable to:			
Owners of the parent		**985**	(43,887)
Non-controlling interests		**(572)**	(1,581)
		413	(45,468)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT			
Basic and diluted	13	**HK0.016 cent**	HK(1.903) cents

Consolidated Statement of Comprehensive Income

Period from 1 April 2011 to 31 July 2011

	Period from 1 April 2011 to 31 July 2011 HK$'000	Year ended 31 March 2011 HK$'000
PROFIT/(LOSS) FOR THE PERIOD/YEAR	**413**	(45,468)
OTHER COMPREHENSIVE INCOME		
Exchange differences on translation of foreign operations	**273**	577
OTHER COMPREHENSIVE INCOME FOR THE PERIOD/YEAR, NET OF TAX	**273**	577
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD/YEAR	**686**	(44,891)
Attributable to:		
Owners of the parent	**1,258**	(43,310)
Non-controlling interests	**(572)**	(1,581)
	686	(44,891)

Consolidated Statement of Financial Position

3l July 2011

	Notes	31 July 2011 HK$'000	31 March 2011 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**851**	1,466
Other intangible assets	15	**1,036**	4,560
Prepayment	20	**11,000**	—
Total non-current assets		**12,887**	6,026
CURRENT ASSETS			
Films under production	16	**14,054**	—
Trade receivables	19	**3,415**	4,822
Prepayments, deposits and other receivables	20	**17,589**	16,422
Forward contract	21	**26,148**	—
Cash and cash equivalents	22	**507,315**	20,449
Total current assets		**568,521**	41,693
CURRENT LIABILITIES			
Trade payables	23	**2,192**	—
Accruals and other payables	24	**10,126**	2,946
Total current liabilities		**12,318**	2,946
NET CURRENT ASSETS		**556,203**	38,747
TOTAL ASSETS LESS CURRENT LIABILITIES		**569,090**	44,773
NON-CURRENT LIABILITIES			
Convertible notes	25	**277,153**	—
Convertible bonds	26	**—**	21,215
Deferred tax liabilities	27	**95**	515
Total non-current liabilities		**277,248**	21,730
Net assets		**291,842**	23,043

Consolidated Statement of Financial Position (continued)

31 July 2011

	Notes	31 July 2011 HK$'000	31 March 2011 HK$'000
EQUITY			
Equity attributable to owners of the parent			
Issued capital	*28*	**101,103**	23,071
Reserves	*30(a)*	**192,892**	1,553
		293,995	24,624
Non-controlling interests		**(2,153)**	(1,581)
Total equity		**291,842**	23,043

Tang Jun
Director

Lui Siu Tsuen, Richard
Director

Consolidated Statement of Changes in Equity

Period from 1 April 2011 to 3l July 2011

	Attributable to owners of the parent										
	Issued capital HK$'000	Share premium account HK$'000	Contributed surplus HK$'000	Capital reserve HK$'000	Subscription right reserve HK$'000	Share-based payment reserve HK$'000	Foreign currency translation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2010	23,061	2	44,475	—	—	—	4,625	(19,788)	52,375	—	52,375
Loss for the year	—	—	—	—	—	—	—	(43,887)	(43,887)	(1,581)	(45,468)
Other comprehensive income for the year:											
Exchange differences on translation of foreign operations	—	—	—	—	—	—	577	—	577	—	577
Total comprehensive income/(loss) for the year	—	—	—	—	—	—	577	(43,887)	(43,310)	(1,581)	(44,891)
Issue of convertible bonds *(Note 26(a))*	—	—	—	4,747	—	—	—	—	4,747	—	4,747
Costs of issue of convertible bonds	—	—	—	(83)	—	—	—	—	(83)	—	(83)
Proceeds from issue of share options *(Note 26(b))*	—	—	—	—	2,500	—	—	—	2,500	—	2,500
Equity-settled share option arrangements	—	—	—	—	—	8,197	—	—	8,197	—	8,197
Shares issued under share option scheme *(Note 28)*	10	224	—	—	—	(36)	—	—	198	—	198
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 Changes in Equity (continued)

Period from 1 April 2011 to 3l July 2011

	Attributable to owners of the parent										
	Issued capital HK$'000	Share premium account HK$'000	Contributed surplus HK$'000	Capital reserve HK$'000	Subscription right reserve HK$'000	Share-based payment reserve HK$'000	Foreign currency translation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
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
Profit/(loss) for the period	–	–	–	–	–	–	–	985	985	(572)	413
Other comprehensive income for the period:											
Exchange differences on translation of foreign operations	–	–	–	–	–	–	273	–	273	–	273
Total comprehensive income/(loss) for the period	–	–	–	–	–	–	273	985	1,258	(572)	686
Conversion of convertible bonds *(Note 26(a))*	5,000	20,950	–	(4,664)	–	–	–	–	21,286	–	21,286
Exercise of share options *(Note 26(b))*	2,500	12,500	–	–	(2,500)	–	–	–	12,500	–	12,500
Shares issued under share option scheme *(Note 28)*	1,348	30,133	–	–	–	(4,791)	–	–	26,690	–	26,690
Subscription of shares *(Note 28(c))*	69,184	49,430	–	–	–	–	–	–	118,614	–	118,614
Share issue expense	–	(3,628)	–	–	–	–	–	–	(3,628)	–	(3,628)
Issue of convertible notes *(Note 25)*	–	–	–	89,909	–	–	–	–	89,909	–	89,909
Costs of issue of convertible notes	–	–	–	(2,751)	–	–	–	–	(2,751)	–	(2,751)
Issue of a forward contract *(Note 21)*	–	–	–	5,493	–	–	–	–	5,493	–	5,493
Transfer of share-based payment reserve upon lapse or cancellation of share options	–	–	–	–	–	(3,370)	–	3,370	–	–	–
At 31 July 2011	101,103	109,611#	44,475#	92,651#	–#	–#	5,475#	(59,320)#	293,995	(2,153)	291,842

These reserve accounts comprise the consolidated reserves of HK$192,892,000 (31 March 2011: HK$1,553,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Period from 1 April 2011 to 31 July 2011

	Notes	Period from 1 April 2011 to 31 July 2011 HK$'000	Year ended 31 March 2011 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		**43**	(45,736)
Adjustments for:			
Finance costs	*7*	**4,383**	1,776
Interest income	*6*	**(41)**	(57)
Fair value gain on a forward contract	*21*	**(20,655)**	—
Gain on disposal of a subsidiary	*8*	**(76)**	—
Loss on disposal of items of property, plant and equipment	*8*	**—**	8
Depreciation	*8*	**167**	333
Amortisation of other intangible assets	*8*	**480**	2,456
Impairment of trade and other receivables	*8*	**—**	4,249
Impairment of other intangible assets	*8*	**3,085**	1,271
Equity-settled share option expense		**—**	8,197
		(12,614)	(27,503)
Increase in films under production		**(14,054)**	—
Decrease/(increase) in trade receivables		**1,431**	(3,661)
Increase in prepayments, deposits and other receivables		**(7,840)**	(16,045)
Increase in trade payables		**2,192**	85
Increase in accruals and other payables		**7,180**	1,483
Net cash flows used in operating activities		**(23,705)**	(45,641)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**41**	57
Purchases of items of property, plant and equipment		**(15)**	(1,441)
Purchase of other intangible assets		**—**	(1,000)
Proceeds from disposal of items of property, plant and equipment		**—**	16
Disposal of a subsidiary	*31*	**(69)**	—
Net cash flows used in investing activities		**(43)**	(2,368)

Consolidated Statement of Cash Flows (continued)

Period from 1 April 2011 to 31 July 2011

	Notes	Period from 1 April 2011 to 31 July 2011 HK$'000	Year ended 31 March 2011 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from subscription of shares	*28(c)*	**118,614**	—
Proceeds from issue of convertible notes	*25*	**371,387**	—
Issue costs for subscription of shares and issue of convertible notes		**(18,606)**	—
Proceeds from issue of convertible bonds	*26(a)*	**—**	22,500
Proceeds from issue of share options	*26(b)*	**—**	2,500
Proceeds from issue of shares under share option scheme		**26,690**	198
Proceeds from issue of shares upon the exercise of share options	*26(b)*	**12,500**	—
Interest paid		**(24)**	(210)
Net cash flows from financing activities		**510,561**	24,988
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**486,813**	(23,021)
Cash and cash equivalents at the beginning of period/year		**20,449**	43,466
Effect of foreign exchange rate changes		**53**	4
CASH AND CASH EQUIVALENTS AT END OF PERIOD/YEAR	*22*	**507,315**	20,449
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents	*22*	**507,315**	20,449

Statement of Financial Position

31 July 2011

	Notes	31 July 2011 HK$'000	31 March 2011 HK$'000
NON-CURRENT ASSETS			
Investments in subsidiaries	*17*	**3**	4
CURRENT ASSETS			
Due from subsidiaries	*18*	**56,189**	19,254
Prepayments, deposits and other receivables	*20*	**4,440**	1,529
Forward contract	*21*	**26,148**	—
Cash and cash equivalents	*22*	**489,580**	15,652
Total current assets		**576,357**	36,435
CURRENT LIABILITIES			
Accruals and other payables	*24*	**3,673**	1,932
NET CURRENT ASSETS		**572,684**	34,503
TOTAL ASSETS LESS CURRENT LIABILITIES		**572,687**	34,507
NON-CURRENT LIABILITIES			
Convertible notes	*25*	**277,153**	—
Convertible bonds	*26*	**—**	21,215
Total non-current liabilities		**277,153**	21,215
Net assets		**295,534**	13,292
EQUITY			
Issued capital	*28*	**101,103**	23,071
Reserves	*30(b)*	**194,431**	(9,779)
Total equity		**295,534**	13,292

Tang Jun
Director

Lui Siu Tsuen, Richard
Director

1. CORPORATE INFORMATION

Media Asia Group Holdings Limited (formerly known as Rojam Entertainment Holdings Limited) (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 and traded on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

During the period from 1 April 2011 to 31 July 2011, the Company acted as an investment holding company. The principal activities of its subsidiaries are set out in Note 17 to the financial statements.

In the opinion of the directors of the Company, the ultimate holding company of the Company since the First Completion (as defined below) has been eSun Holdings Limited ("eSun") which was incorporated in Bermuda and whose shares are listed and traded on the Main Board of the Stock Exchange.

First completion of the subscription agreement

On 23 March 2011, the Company entered into a subscription agreement (the "Subscription Agreement") with Perfect Sky Holdings Limited ("Perfect Sky"), a wholly-owned subsidiary of eSun, Sun Great Investments Limited ("Sun Great"), Next Gen Entertainment Limited ("Next Gen"), Memestar Limited ("Memestar"), On Chance Inc. and Grace Promise Limited (collectively, the "Subscribers"), pursuant to which:

(i) the Company conditionally agreed to issue to Perfect Sky, Sun Great, Next Gen and Memestar (the "Share Subscribers"), and the Share Subscribers conditionally agreed to subscribe for a total of 6,918,343,209 ordinary shares of HK$0.01 each in the Company (the "Share Subscription") for an aggregate cash consideration of HK$118,613,358;

(ii) the Company conditionally agreed to issue to the Subscribers, and the Subscribers conditionally agreed to subscribe for the first completion convertible notes in an aggregate principal amount of HK$371,386,642 (the "First Completion Convertible Notes"); and

(iii) the Company conditionally agreed to issue to the Subscribers, and the Subscribers conditionally agreed to subscribe for the second completion convertible notes in an aggregate principal amount of HK$224,873,937 (the "Second Completion Convertible Notes").

All conditions precedent to the completion of the Share Subscription and the subscription of the First Completion Convertible Notes (the "First Completion") were fulfilled on 9 June 2011 (the "First Completion Date"). On the First Completion Date, the Company issued to (i) the Share Subscribers an aggregate of 6,918,343,209 ordinary shares of HK$0.01 each in the Company for a total subscription price (before expenses) of HK$118,613,358; and (ii) the Subscribers the First Completion Convertible Notes with an aggregate principal amount (before expenses) of HK$371,386,642. Immediately after the First Completion, Perfect Sky held approximately 51.30% of the issued share capital of the Company.

Further details of the First Completion Convertible Notes and the Second Completion Convertible Notes are set out in Notes 25 and 21 to the financial statements, respectively.

2. CHANGE OF FINANCIAL YEAR END DATE

The board of directors of the Company announced on 19 August 2011 the change of financial year end date of the Company from 31 March to 31 July with effect from 31 July 2011 to align the financial year end date of the Company with that of eSun and eSun's other listed affiliates. The consolidated financial statements presented therefore covered a four-month period from 1 April 2011 to 31 July 2011. The corresponding comparative amounts shown for the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows and related notes cover a twelve-month period from 1 April 2010 to 31 March 2011 and therefore may not be comparable to those amounts shown for the current period.

3.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for the forward contract which has been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the period from 1 April 2011 to 31 July 2011 (year ended 31 March 2011: 1 April 2010 to 31 March 2011). The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate.

3.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs, applicable to the Group, for the first time for the current period's financial statements.

HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments*
HKAS 24 (Revised)	*Related Party Disclosures*

HK(IFRIC)-Int 19 clarifies that equity instruments issued to a creditor to extinguish a financial liability are "consideration paid" in accordance with paragraph 41 of HKAS 39. As a result, the financial liability is derecognised and the equity instruments issued are treated as consideration paid to extinguish that financial liability. The interpretation states that equity instruments issued in a debt for equity swap should be measured at the fair value of the equity instruments issued, if this can be determined reliably. If the fair value of the equity instruments issued is not reliably determinable, the equity instruments should be measured by reference to the fair value of the financial liability extinguished as of the date of extinguishment.

Any difference between the carrying amount of the financial liability that is extinguished and the fair value of the equity instruments issued is recognised immediately in profit or loss.

HKAS 24 (Revised) clarifies and simplifies the definitions of related parties. The new definitions emphasise a symmetrical view of related party relationships as well as clarifying in which circumstances persons and key management personnel affect related party relationships of an entity. The revised standard also introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly-controlled or significantly influenced by the same government as the reporting entity. The accounting policy for related parties has been revised to reflect the changes in the definitions of related parties under the revised standard.

The adoption of these new and revised standards has had no significant financial effect on these financial statements.

3.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards — Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters* [1]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures — Transfers of Financial Assets* [1]
HKFRS 9	*Financial Instruments* [4]
HKFRS 10	*Consolidated Financial Statements* [4]
HKFRS 11	*Joint Arrangements* [4]
HKFRS 12	*Disclosure of Interests in Other Entities* [4]
HKFRS 13	*Fair Value Measurement* [4]
HKAS 1 (Revised)	*Presentation of Financial Statements* [3]
HKAS 12 Amendments	Amendments to HKAS 12 *Income Taxes — Deferred Tax: Recovery of Underlying Assets* [2]
HKAS 19 (2011)	*Employee Benefits* [4]
HKAS 27 (2011)	*Separate Financial Statements* [4]
HKAS 28 (2011)	*Investments in Associates and Joint Ventures* [4]

1 Effective for annual periods beginning on or after 1 July 2011
2 Effective for annual periods beginning on or after 1 January 2012
3 Effective for annual periods beginning on or after 1 July 2012
4 Effective for annual periods beginning on or after 1 January 2013

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. The Group is not yet in a position to state whether they would have a significant impact on the Group's results of operations and financial position.

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's investments in subsidiaries that are not classified as held for sale in accordance with HKFRS 5 are stated at cost less any impairment losses.

Joint ventures

A joint venture is an entity set up by contractual arrangement, whereby the Group and other parties undertake an economic activity. The joint venture operates as a separate entity in which the Group and the other parties have an interest.

The joint venture agreement between the venturers stipulates the capital contributions of the joint venture parties, the duration of the joint venture and the basis on which the assets are to be realised upon its dissolution. The profits or losses from the joint venture's operations and any distributions of surplus assets are shared by the venturers, either in proportion to their respective capital contributions, or in accordance with the terms of the joint venture agreement.

A joint venture is treated as:

(a) a subsidiary, if the Group has unilateral control, directly or indirectly, over the joint venture;

(b) a jointly-controlled entity, if the Group does not have unilateral control, but has joint control, directly or indirectly, over the joint venture;

(c) an associate, if the Group does not have unilateral or joint control, but holds, directly or indirectly, generally not less than 20% of the joint venture's registered capital and is in a position to exercise significant influence over the joint venture; or

(d) an equity investment accounted for in accordance with HKAS 39, if the Group holds, directly or indirectly, less than 20% of the joint venture's registered capital and neither has joint control of, nor is in a position to exercise significant influence over, the joint venture.

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations and goodwill

Business combinations from 1 April 2010

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the net identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets of the subsidiary acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at the end of the reporting period. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations and goodwill *(Continued)*

Business combinations from 1 April 2010 *(Continued)*

Where goodwill forms part of a cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Business combinations prior to 1 April 2010 but after 1 January 2005

In comparison to the above-mentioned requirements which were applied on a prospective basis, the following differences applied to business combinations prior to 1 April 2010:

Business combinations were accounted for using the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Any additional acquired share of interest did not affect previously recognised goodwill.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that otherwise would have been required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were recognised as part of goodwill.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets and goodwill), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to the income statement in the period in which it arises in those expense categories consistent with the function of the impaired asset.

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of non-financial assets *(Continued)*

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the income statement in the period in which it arises.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Office equipment, furniture and fixtures	20%–25%
Computer equipment	30%
Motor vehicles	30%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at the end of each financial year.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed to be finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

(i) Computer software

Acquired computer software licences 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

Club debentures are stated at cost less accumulated amortisation and impairment losses. Amortisation is calculated in accordance with an estimated useful life on individual club membership. Club debentures with an indefinite economic useful life are stated at cost and subject to annual impairment review. Impairment is reviewed annually or when there is any indication that the club debenture has suffered an impairment loss.

(iii) Customer contracts

Customer contracts represent software licence contracts with telecommunications service providers which possess Value-Added Telecommunication Operation Licences to provide value-added telecommunications 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 licences of 5 years.

Films under production

Films under production include production costs, costs of services, direct labour costs, facilities and raw materials consumed in the creation of films. Upon completion, these films under production are reclassified as film products (which are to be stated at the lower of cost and net realisable value). Films under production are accounted for on a film-by-film basis and are stated at cost less any impairment losses.

An impairment loss is made if there has been a change in the estimate used to determine the recoverable amount and the carrying amount exceeds the recoverable amount.

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets

Initial recognition and measurement

Financial assets within the scope of HKAS 39 are classified as financial assets at fair value through profit or loss, and loans and receivables, as appropriate. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

The Group's financial assets include cash and cash equivalents, trade receivables, other receivables and a forward contract.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKAS 39. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognised in the income statement. These net fair value changes do not include any dividends on these financial assets, which are recognised in accordance with policies set out for "Revenue recognition" below.

The Group evaluates its financial assets at fair value through profit or loss (held for trading) to assess whether the intent to sell them in the near term is still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intent to sell them in the foreseeable future significantly changes, the Group may elect to reclassify these financial assets in rare circumstances. The reclassification from financial assets at fair value through profit or loss to loans and receivables, available-for-sale financial assets or held-to-maturity investments depends on the nature of the assets.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the income statement. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income in the income statement. The loss arising from impairment is recognised in the income statement as other operating expenses.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets *(Continued)*

Financial assets carried at amortised cost *(Continued)*

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the income statement.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of HKAS 39 are classified as loans and borrowings, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Group's financial liabilities include trade payables, other payables and accruals, convertible notes and convertible bonds.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate method amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the income statement.

Convertible notes/convertible bonds

The component of convertible notes/convertible bonds that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs. On issuance of convertible notes/convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible note/convertible bond; and this amount is carried as a long term liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds of the convertible notes/convertible bonds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible notes/convertible bonds based on the allocation of proceeds of the convertible notes/convertible bonds to the liability and equity components when the instruments are first recognised.

Forward contract

For accounting purpose, forward contract on the Second Completion Convertible Notes is classified as a derivative financial instrument under HKAS 39. The forward contract is recognised at its fair value as an asset or a liability on the commitment date, and is subsequently re-measured at fair value with changes in fair value recognised in the income statement. Forward contract is carried as an asset when its fair value is positive and as a liability when its fair value is negative.

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the income statement.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments where there is no active market, the fair value is determined using appropriate valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis; and option pricing models.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the income statement.

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Rentals payable under the operating leases are charged to the income statement on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when revenue can be measured reliably, on the following bases:

(a) turnover from entertainment events organised by the Group, when the events are completed;

(b) net income from entertainment events organised by other co-investors, when the events are completed, in proportion as agreed with co-investors;

(c) licensing income generated from the licensing of content and technology for use in connection with the provision of value-added telecommunications services, on an accrual basis in accordance with the substance of the relevant agreements; and

(d) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Employee benefits

Share-based payment transactions

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants after 7 November 2002 is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a Black-Scholes model, further details of which are set out in Note 29 to the financial statements.

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Employee benefits *(Continued)*

Share-based payment transactions *(Continued)*

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the income statement for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. All cancellations of equity-settled transaction awards are treated equally.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings/(loss) per share.

Retirement benefit scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the Scheme. The assets of the Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the Scheme.

The employees of the Group's subsidiary which operates in Mainland China are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute certain percentage of its payroll costs to the central pension scheme. The contributions are charged to the income statement as they become payable in accordance with the rules of the central pension scheme.

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. All differences are taken to the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of certain overseas subsidiaries are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates ruling at the end of the reporting period and their income statements are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the period/year are translated into Hong Kong dollars at the weighted average exchange rates for the period/year.

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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 profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group; or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a); and

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity or of a parent of the entity.

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that are 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. The capitalisation of such borrowing costs ceases when 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 capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND KEY ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

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 nonstrategic assets that have been abandoned or sold.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND KEY ESTIMATES *(Continued)*

Estimation uncertainty *(Continued)*

(b) Impairment of other intangible assets

The Group assesses at the end of each reporting period whether there is an indication that other intangible assets may be impaired. If any indication exists, the Group estimates the recoverable amount of the other intangible assets. The Group measures the recoverable amount of the other intangible assets with reference to their value-in-use. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from other intangible assets and a suitable discount rate in order to calculate the present value.

(c) Impairment of trade and other receivables

The Group makes impairment of receivables based on assessments of the recoverability of 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 trade and other receivables and impairment of receivables in the period/year in which such estimate has been changed.

(d) Fair value of a forward contract

Where fair value of financial assets and financial liabilities cannot be derived from active markets, they are determined using valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include consideration of inputs such as adjustment factors to the stock price, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. As at 31 July 2011, the fair value of the forward contract of the Group and the Company was approximately HK$26,148,000 (31 March 2011: Nil).

5. OPERATING SEGMENT INFORMATION

For management purpose, the Group is organised into business units based on their products and services and has the following reportable segments:

(a)	Entertainment business	—	Event organisation and provision of event management services
(b)	Film business	—	Investment in, production of, sale and distribution of films
(c)	Licensing of software business	—	Development and licensing of software and technology for use in connection with the provision of value added telecommunications services in the PRC

5. OPERATING SEGMENT INFORMATION *(Continued)*

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment.

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 3.4 to the financial statements. Segment profits or losses do not include other income, fair value gain on a forward contract, marketing expenses, certain administrative expenses, certain other operating gains, certain other operating expenses and finance costs.

Segment assets do not include certain property, plant and equipment, certain other intangible assets, a forward contract, certain cash and cash equivalents and other corporate assets.

Segment liabilities do not include certain accruals and other payables, convertible notes, convertible bonds and deferred tax liabilities.

Segment profit or loss, assets and liabilities:

	Entertainment business HK$'000	Film business HK$'000	Licensing of software business HK$'000	Total HK$'000
Period from 1 April 2011 to 31 July 2011				
Revenue from external customers	9,760	—	603	10,363
Segment loss	(2,089)	(725)	(2,792)	(5,606)
Other material item:				
Amortisation of other intangible assets	—	—	474	474
Other material non-cash item:				
Impairment of other intangible assets	—	—	2,541	2,541
As at 31 July 2011				
Segment assets	25,677	27,127	4,520	57,324
Segment liabilities	7,474	219	31	7,724

5. OPERATING SEGMENT INFORMATION *(Continued)*

Segment profit or loss, assets and liabilities: *(Continued)*

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

5. OPERATING SEGMENT INFORMATION *(Continued)*

Reconciliations of operating segment information:

	Period from 1 April 2011 to 31 July 2011 HK$'000	Year ended 31 March 2011 HK$'000
Profit or loss		
Loss from reportable segments	**(5,606)**	(1,898)
Unallocated amounts:		
Other income	**50**	106
Fair value gain on a forward contract	**20,655**	—
Marketing expenses	**(2,956)**	(241)
Administrative expenses	**(6,376)**	(31,849)
Other operating gains	**76**	—
Other operating expenses	**(1,417)**	(10,078)
Finance costs	**(4,383)**	(1,776)
Consolidated profit/(loss) before tax	**43**	(45,736)

	31 July 2011 HK$'000	31 March 2011 HK$'000
Assets		
Total assets from reportable segments	**57,324**	18,983
Unallocated amounts:		
Property, plant and equipment	**289**	1,466
Other intangible assets	**1,000**	4,560
Forward contract	**26,148**	—
Cash and cash equivalents	**491,710**	20,449
Other corporate assets	**4,937**	2,261
Consolidated total assets	**581,408**	47,719

5. OPERATING SEGMENT INFORMATION *(Continued)*

Reconciliations of operating segment information: *(Continued)*

	31 July 2011 HK$'000	31 March 2011 HK$'000
Liabilities		
Total liabilities from reportable segments	**7,724**	—
Unallocated amounts:		
Accruals and other payables	**4,659**	2,946
Convertible notes	**277,153**	—
Convertible bonds	**—**	21,215
Deferred tax liabilities	**30**	515
Consolidated total liabilities	**289,566**	24,676

	Period from 1 April 2011 to 31 July 2011 HK$'000	Year ended 31 March 2011 HK$'000
Other material item — amortisation of other intangible assets		
Total amortisation charged from reportable segments	**474**	2,438
Unallocated amounts	**6**	18
Consolidated amortisation charges	**480**	2,456
Other material non-cash item — impairment of other intangible assets		
Total impairment losses from reportable segments	**2,541**	1,271
Unallocated amounts	**544**	—
Consolidated impairment losses	**3,085**	1,271

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

5. OPERATING SEGMENT INFORMATION *(Continued)*

Geographical information

	Revenue		Non-current assets	
	Period from 1 April 2011 to 31 July 2011 HK$'000	Year ended 31 March 2011 HK$'000	**31 July 2011 HK$'000**	31 March 2011 HK$'000
Hong Kong	**—**	1,122	**12,787**	2,402
Mainland China	**2,777**	8,200	**100**	3,624
Macau	**6,689**	270	**—**	—
United States of America	**897**	—	**—**	—
	10,363	9,592	**12,887**	6,026

Revenue information is based on location of the customers and non-current assets information is based on location of assets.

Information about major customers

Revenue derived from a single customer which contributed to 10% or more of the Group's revenue for the period/year is set out below:

	Period from 1 April 2011 to 31 July 2011 HK$'000	Year ended 31 March 2011 HK$'000
Entertainment business		
Customer A	**6,400**	—
Customer B	**—**	1,122
Licensing of software business		
Customer C	**603**	1,968

6. TURNOVER AND OTHER INCOME

An analysis of the Group's turnover and other income is as follows:

	Group Period from 1 April 2011 to 31 July 2011 HK$'000	Year ended 31 March 2011 HK$'000
Turnover		
Entertainment event income	**9,760**	7,624
Licensing of software income	**603**	1,968
	10,363	9,592
Other income		
Interest income	**41**	57
Others	**9**	49
	50	106
	10,413	9,698

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Group Period from 1 April 2011 to 31 July 2011 HK$'000	Year ended 31 March 2011 HK$'000
Interest on:		
— First Completion Convertible Notes wholly repayable within five years	**4,288**	—
— convertible bonds wholly repayable within five years	**95**	1,776
	4,383	1,776

8. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	Group	
	Period from 1 April 2011 to 31 July 2011 HK$'000	Year ended 31 March 2011 HK$'000
Depreciation	167	333
Amortisation of other intangible assets*	480	2,456
Minimum lease payment under operating leases in respect of land and buildings	476	1,671
Auditors' remuneration	1,100	680
Employee benefit expense (including directors' emoluments *(Note 9)*):		
Salaries, bonuses and allowances	4,860	8,865
Equity-settled share option expense	—	4,927
Pension scheme contributions	73	164
	4,933	13,956
Impairment of other intangible assets*	3,085	1,271
Impairment of trade and other receivables*	—	4,249
Share of net loss from entertainment events organised by co-investors*	—	610
Share of net income from entertainment events organised by co-investors#	(87)	—
Loss on disposal of items of property, plant and equipment	—	8
Gain on disposal of a subsidiary#	(76)	—
Other equity-settled share option expense	—	3,270

These items are included in "Other operating gains" on the face of the consolidated income statement.

* These items are included in "Other operating expenses" on the face of the consolidated income statement.

9. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

Directors' emoluments for the period/year, disclosed pursuant to the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (the "GEM" Listing Rules) and the disclosure requirements of Section 161 of the Hong Kong Companies Ordinance, are as follows:

	Group	
	Period from 1 April 2011 to 31 July 2011 HK$'000	Year ended 31 March 2011 HK$'000
Fees	**220**	476
Other emoluments:		
Salaries and allowances	**1,018**	2,037
Equity-settled share option benefits	**—**	2,168
Pension scheme contributions	**14**	36
	1,032	4,241
	1,252	4,717

During the year ended 31 March 2011, certain directors were granted share options in respect of their services to the Group under the share option scheme of the Company, further details of which are set out in Note 29 to the financial statements. The fair value of such options, which has been recognised in the income statement over the vesting period, was determined at the date of grant, and the amount included in the financial statements for the period from 1 April 2011 to 31 July 2011 and the year ended 31 March 2011 have been included in the above directors' remuneration disclosures.

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

(a) Directors' emoluments *(Continued)*

	Fees HK$'000	Salaries and allowances HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
Period from 1 April 2011 to 31 July 2011				
Executive Directors				
Lam Kin Ngok, Peter *(Note (i))*	15	—	—	15
Yu Feng *(Note (i))*	15	—	—	15
Lui Siu Tsuen, Richard *(Note (i))*	15	—	—	15
Chan Chi Kwong *(Note (i))*	15	358	2	375
Chan Chi Ming, Alvin	—	165	4	169
Etsuko Hoshiyama	—	330	4	334
Luk Hong Man, Hammond *(Note (ii))*	—	165	4	169
	60	1,018	14	1,092
Independent Non-executive Directors				
Chan Chi Yuen	40	—	—	40
Zhang Xi	40	—	—	40
Yeung Wai Hung, Peter *(Note (iii))*	40	—	—	40
Wong Kam Choi *(Note (iv))*	40	—	—	40
	160	—	—	160
	220	1,018	14	1,252

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

(a) Directors' emoluments *(Continued)*

	Fees HK$'000	Salaries and allowances HK$'000	Equity-settled share-option benefits HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
Year ended 31 March 2011					
Executive Directors					
Chan Chi Ming, Alvin	—	522	817	12	1,351
Luk Hong Man, Hammond	—	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	120	—	82	—	202
Zhang Xi	120	—	82	—	202
Yeung Wai Hung, Peter	120	—	82	—	202
Wong Kam Choi	116	—	82	—	198
	476	—	328	—	804
	476	2,037	2,168	36	4,717

Notes:

(i) Appointed with effect from 16 June 2011

(ii) Retired on 20 August 2011

(iii) Resigned with effect from 1 August 2011

(iv) Resigned with effect from 12 September 2011

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

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

(b) Employees' emoluments

The five highest paid employees during the period included two (year ended 31 March 2011: two) directors, details of whose emoluments are set out above. Details of the remuneration of the remaining three (year ended 31 March 2011: three) non-director, highest paid employees for the period/year are as follows:

	Group Period from 1 April 2011 to 31 July 2011 HK$'000	Year ended 31 March 2011 HK$'000
Salaries and allowances	**913**	4,309
Pension scheme contributions	**5**	15
	918	4,324

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	Group Number of employees Period from 1 April 2011 to 31 July 2011	Year ended 31 March 2011
Below HK$1,000,000	**3**	—
HK$1,000,001 to HK$1,500,000	**—**	2
HK$1,500,001 to HK$2,000,000	**—**	1
	3	3

10. INCOME TAX CREDIT

No provision for Hong Kong or overseas profits tax has been made for the period/year as the Group did not generate any assessable profits arising in Hong Kong or overseas during the period/year.

	Group	
	Period from 1 April 2011 to 31 July 2011 HK$'000	Year ended 31 March 2011 HK$'000
Deferred tax credit for the period/year *(Note 27)*	**370**	268

A reconciliation of the income tax expense/(credit) applicable to profit/(loss) before tax at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax credit at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

	Group			
	Period from 1 April 2011 to 31 July 2011 HK$'000	**%**	Year ended 31 March 2011 HK$'000	%
Profit/(loss) before tax	**43**		(45,736)	
Tax at the statutory tax rate	**7**	**16.5**	(7,546)	(16.5)
Adjustments for tax rates for other jurisdictions	**(32)**	**(74.4)**	258	0.6
Income not subject to tax	**(3,443)**	**(8,007.1)**	(1,074)	(2.4)
Expenses not deductible for tax	**528**	**1,227.8**	4,801	10.5
Tax losses not recognised	**2,940**	**6,837.2**	3,561	7.8
Deferred tax arising from temporary differences	**(370)**	**(860.5)**	(268)	(0.6)
Tax credit at the Group's effective rate	**(370)**	**(860.5)**	(268)	(0.6)

11. PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT

The consolidated profit attributable to owners of the parent for the period from 1 April 2011 to 31 July 2011 includes a profit of HK$14,129,000 (year ended 31 March 2011: loss of HK$41,719,000) which has been dealt with in the financial statements of the Company (Note 30(b)).

12. DIVIDENDS

The board of directors of the Company does not recommend the payment of any dividend in respect of the period from 1 April 2011 to 31 July 2011 (year ended 31 March 2011: Nil).

13. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO THE OWNERS OF THE PARENT

The calculation of basic earnings/(loss) per share amounts is based on the profit/(loss) for the period/year attributable to owners of the parent and the weighted average number of ordinary shares of approximately 5,979,461,000 (31 March 2011: approximately 2,306,229,000) in issue during the period/year.

The calculation of basic earnings/(loss) per share is based on:

	Period from 1 April 2011 to 31 July 2011 HK$'000	Year ended 31 March 2011 HK$'000
Earnings/(loss)		
Profit/(loss) attributable to owners of the parent used in the basic earnings/(loss) per share calculation	**985**	(43,887)

	Number of shares	
	Period from 1 April 2011 to 31 July 2011 '000	Year ended 31 March 2011 '000
Shares		
Weighted average number of ordinary shares in issue used in the basic earnings/(loss) per share calculation	**5,979,461**	2,306,229

The calculation of diluted earnings per share for the period from 1 April 2011 to 31 July 2011 has not assumed the conversion of the First Completion Convertible Notes as such conversion has an anti-dilutive effect during the period.

The calculation of diluted loss per share for the year ended 31 March 2011 had not assumed the exercise of options and the conversion of all outstanding convertible bonds as they had an anti-dilutive effect during the year ended 31 March 2011.

14. PROPERTY, PLANT AND EQUIPMENT

Group

	Office equipment, furniture and fixtures HK$'000	Computer equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost:				
At 1 April 2010	194	510	—	704
Additions	38	79	1,324	1,441
Disposals	—	(150)	—	(150)
Exchange realignment	1	14	—	15
At 31 March 2011 and 1 April 2011	233	453	1,324	2,010
Additions	—	15	—	15
Disposals	—	(4)	—	(4)
Disposal of a subsidiary	—	—	(738)	(738)
Exchange realignment	—	4	—	4
At 31 July 2011	233	468	586	1,287
Accumulated depreciation:				
At 1 April 2010	29	298	—	327
Charge for the year	41	60	232	333
Disposals	—	(126)	—	(126)
Exchange realignment	1	9	—	10
At 31 March 2011 and 1 April 2011	71	241	232	544
Charge for the period	14	22	131	167
Disposals	—	(4)	—	(4)
Disposal of a subsidiary	—	—	(275)	(275)
Exchange realignment	—	4	—	4
At 31 July 2011	85	263	88	436
Net carrying amount:				
At 31 July 2011	148	205	498	851
At 31 March 2011	162	212	1,092	1,466

15. OTHER INTANGIBLE ASSETS

Group

	Computer software HK$'000	Club debentures HK$'000	Customer contracts HK$'000	Total HK$'000
Cost:				
At 1 April 2010	38	575	18,472	19,085
Additions	—	1,000	—	1,000
Exchange realignment	1	26	828	855
At 31 March 2011 and 1 April 2011	39	1,601	19,300	20,940
Exchange realignment	1	12	337	350
At 31 July 2011	40	1,613	19,637	21,290
Accumulated amortisation and impairment:				
At 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 realignment	—	4	604	608
At 31 March 2011 and 1 April 2011	4	61	16,315	16,380
Amortisation for the period	—	6	474	480
Impairment losses	—	544	2,541	3,085
Exchange realignment	—	2	307	309
At 31 July 2011	4	613	19,637	20,254
Net carrying amount:				
At 31 July 2011	36	1,000	—	1,036
At 31 March 2011	35	1,540	2,985	4,560

15. OTHER INTANGIBLE ASSETS *(Continued)*

Club debentures

The club debentures as at 31 July 2011 with a net carrying amount of HK$1,000,000 (31 March 2011: HK$1,000,000) have indefinite useful life.

The Group carried out a review of the recoverable amount of the club debentures at the end of the reporting period. The review led to the recognition of an impairment loss of HK$544,000 (year ended 31 March 2011: Nil) which has been recognised in the consolidated income statement for the period from 1 April 2011 to 31 July 2011.

Customer contracts

Customer contracts represent software licence contracts with telecommunication service providers who possess Value-Added Telecommunication Operation Licenses to provide value-added telecommunications services and who have established cooperative arrangements with the leading communications operators in the PRC.

The Group carried out a review of the recoverable amount of the customer contracts at the end of the reporting period, having regard the market conditions of the Group's software. The customer contracts are attributable to the Group's licensing of software segment. The review led to the recognition of an impairment loss of HK$2,541,000 (year ended 31 March 2011: HK$1,271,000) which has been recognised in the consolidated income statement for the period/year. The recoverable amount of the customer contracts as at 31 March 2011 had been determined on the basis of their value-in-use. The discount rate used in measuring the value-in-use as at 31 March 2011 was 16.67%.

16. FILMS UNDER PRODUCTION

	Group	
	31 July 2011 HK$'000	31 March 2011 HK$'000
Cost:		
At beginning of period/year	**—**	—
Additions	**14,054**	—
At end of period/year	**14,054**	—

17. INVESTMENTS IN SUBSIDIARIES

	Company 31 July 2011 HK$'000	31 March 2011 HK$'000
Unlisted investments, at cost	**81,488**	81,489
Less: Impairment losses#	**(81,485)**	(81,485)
	3	4

An impairment of HK$81,485,000 (31 March 2011: HK$81,485,000) was recognised for certain unlisted investments with a carrying amount of HK$81,488,000 (31 March 2011: HK$81,489,000). The provision was determined with reference to the estimated fair value of the underlying assets held by the subsidiaries. There was no change in the impairment account during the current period and the prior year.

Particulars of the principal subsidiaries as at 31 July 2011 are as follows:

Name	Place of incorporation/ registration and operation	Nominal value of issued share/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
AnyMusic Limited*	PRC/Mainland China	Registered capital of US$5,140,000	—	100%	Development and licensing of software and technology in connection with the provision of value-added telecommunication services in the PRC and business information consulting services
Champ Universe Limited*	Hong Kong	1 ordinary share of HK$1	100%	—	Provision of management services
Premier Gold Investments Limited	Hong Kong	1 ordinary share of HK$1	100%	—	Cinema operation
Media Asia Entertainment Limited (formerly known as Forest Garden Limited)	Hong Kong	100 ordinary shares of HK$1 each	—	100%	Entertainment activity production

17. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Name	Place of incorporation/ registration and operation	Nominal value of issued share/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Media Asia Entertainment (Macao) Limited*	Macau	Registered capital of MOP25,000	—	100%	Provision of events management and consultancy services
Media Asia Film Distribution (HK) Limited*	Hong Kong	1 ordinary share of HK$1	—	100%	Film distribution
Media Asia Film Production Limited (formerly known as Dynasty Choice Development Limited)	Hong Kong	100 ordinary shares of HK$1 each	—	100%	Film production
Media Asia Films (UK) Limited*	United Kingdom	1 ordinary share of GBP1	—	100%	Film distribution
Media Asia Music Limited*	Hong Kong	1 ordinary share of HK$1	—	100%	Music production and distribution
Media Asia Music Publishing Limited (formerly known as Sharp Way Music Limited)	Hong Kong	100 ordinary shares of HK$1 each	—	100%	Music publishing
Media Asia Performance Agency (Macao) Limited*	Macau	Registered capital of MOP25,000	—	100%	Entertainment activity production
Media Asia Talent Management Limited* (formerly known as Twinkle Talent Management Limited)	Hong Kong	1 ordinary share of HK$1	—	100%	Provision of artiste management service
Media Asia TV Program Distribution Limited*	Hong Kong	1 ordinary share of HK$1	—	100%	Licensing of television drama and film rights
Media Asia Video Distribution (HK) Limited*	Hong Kong	1 ordinary share of HK$1	—	100%	Licensing of film rights and sale of video products
Rojam Entertainment Limited*	Hong Kong	100,001 ordinary shares of HK$1 each	100%	—	Intellectual property holding, provision of management services

17. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Name	Place of incorporation/ registration and operation	Nominal value of issued share/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Xinhua Entertainment Limited*	British Virgin Islands/ Hong Kong	1 ordinary share of US$1	—	100%	Investment holding
Xinhua Entertainment (Hong Kong) Limited*	Hong Kong	10 ordinary shares of HK$1 each	—	80%	Entertainment business

* Subsidiaries whose financial statements were not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young Global network.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the period/year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

18. DUE FROM SUBSIDIARIES

The amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment. The carrying amounts of the amounts due from subsidiaries approximate to their fair values.

19. TRADE RECEIVABLES

	Group 31 July 2011 HK$'000	31 March 2011 HK$'000
Trade receivables	**7,333**	8,740
Impairment	**(3,918)**	(3,918)
	3,415	4,822

The Group's trading terms with its customers are mainly on credit. The credit period generally ranges from 30 to 60 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

19. TRADE RECEIVABLES *(Continued)*

An ageing analysis of trade receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	Group	
	31 July 2011 HK$'000	31 March 2011 HK$'000
Within 30 days	**2,436**	3,941
31 to 60 days	**206**	—
61 to 90 days	**231**	227
Over 90 days	**542**	654
	3,415	4,822

Movements in provision for impairment of trade receivables during the period/year are as follows:

	Group	
	31 July 2011 HK$'000	31 March 2011 HK$'000
At beginning of period/year	**3,918**	4,820
Impairment losses recognised	**—**	40
Impairment losses reversed	**—**	(1,129)
Exchange realignment	**—**	187
At end of period/year	**3,918**	3,918

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade debtors of HK$3,918,000 (31 March 2011: HK$3,918,000) with a gross carrying amount before provision of HK$3,918,000 (31 March 2011: HK$3,918,000). The individually impaired trade receivables relate to customers that were in default in settlements and only a portion or no portion of the receivables is expected to be recovered. The Group does not hold any collateral or other credit enhancements over these balances.

19. TRADE RECEIVABLES *(Continued)*

The ageing analysis of trade receivables that are not individually nor collectively considered to the impaired is as follows:

	Group	
	31 July 2011 HK$'000	31 March 2011 HK$'000
Neither past due nor impaired	**2,436**	539
1 to 90 days past due	**662**	3,868
91 to 180 days past due	**317**	415
Over 180 days past due	**—**	—
	3,415	4,822

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	31 July 2011 HK$'000	31 March 2011 HK$'000	**31 July 2011 HK$'000**	31 March 2011 HK$'000
Prepayments	**24,309**	14,875	**3,797**	1,529
Deposits and other receivables	**4,280**	1,547	**643**	—
	28,589	16,422	**4,440**	1,529
Portion classified as current portion	**(17,589)**	(16,422)	**(4,440)**	(1,529)
Non-current portion	**11,000**	—	**—**	—

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

21. FORWARD CONTRACT

	Group and Company	
	31 July 2011 HK$'000	31 March 2011 HK$'000
Forward contract on Second Completion Convertible Notes, at fair value	**26,148**	—

Pursuant to the Subscription Agreement of which the details have been set out in note 1 above, among other terms, the Company conditionally agreed to issue to the Subscribers and the Subscribers conditionally agreed to subscribe for 3-year zero coupon convertible notes in an aggregate principal amount of HK$224,873,937 (being the Second Completion Convertible Notes referred to in note 1 above). The Second Completion Convertible Notes are convertible, at the option of the holders, into the Company's ordinary shares of HK$0.01 each at a conversion price of HK$0.02785 per share during the period commencing on the first day of the Second Completion Convertible Notes and expiring on the date which is five business days preceding the maturity date. Unless previously converted, redeemed, purchased or cancelled in accordance with the terms and conditions of the Second Completion Convertible Notes, the Second Completion Convertible Notes will be redeemed by the Company on the maturity date at the principal amount outstanding.

Subject to fulfilment of certain conditions, completion of the issue of the Second Completion Convertible Notes is expected to take place on 9 June 2012, being the first anniversary of the First Completion Date (i.e., 9 June 2011).

The Company was contractually obligated to issue the Second Completion Convertible Notes. In this regard, before the issue of the Second Completion Convertible Notes, the Subscription Agreement in respect of the issue of the Second Completion Convertible Notes constitutes a forward contract within the scope of HKAS 39, and is recognised at its fair value as an asset or a liability on the commitment date, and is subsequently remeasured at fair value with changes in fair value recognised in the income statement.

As at 31 July 2011, the Group and the Company have recognised a derivative financial asset of HK$26,148,000 (31 March 2011: Nil) in respect of the forward contract in the statement of financial position and a fair value gain in respect of the forward contract of HK$20,655,000 (year ended 31 March 2011: Nil) in the income statement for the period from 1 April 2011 to 31 July 2011.

The fair values of the forward contract as at the issue date of 9 June 2011 and 31 July 2011 were determined with reference to the valuations of the forward contract as at those dates performed by Greater China Appraisal Limited, an independent firm of professional valuers. The valuations have taken into account factors including adjusted weighted average market prices of the Company's shares, volatilities, and prevailing market interest rates etc.

22. CASH AND CASH EQUIVALENTS

	Group		Company	
	31 July 2011 HK$'000	31 March 2011 HK$'000	**31 July 2011 HK$'000**	31 March 2011 HK$'000
Cash and bank balances	**78,307**	11,696	**60,572**	6,899
Time deposits	**429,008**	8,753	**429,008**	8,753
Cash and cash equivalents	**507,315**	20,449	**489,580**	15,652

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to HK$12,435,000 (31 March 2011: HK$2,036,000). The conversion of RMB denominated cash and bank balances into foreign currencies and the remittance of such foreign currencies denominated balances out of Mainland China are subject to the relevant rules and regulations of foreign exchange control by the government authorities concerned.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. Bank balances and time deposits are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximate to their fair values.

23. TRADE PAYABLES

An ageing analysis of trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	Group	
	31 July 2011 HK$'000	31 March 2011 HK$'000
Less than 30 days	**2,192**	—

Trade payables are non-interest-bearing and have an average credit term of one month.

24. ACCRUALS AND OTHER PAYABLES

	Group		Company	
	31 July 2011 HK$'000	31 March 2011 HK$'000	**31 July 2011 HK$'000**	31 March 2011 HK$'000
Included in accruals, and other payables are amounts due to:				
— a fellow subsidiary	**150**	—	**150**	—
— a related company	**160**	—	**—**	—
	310	—	**150**	—

The balances with the above related parties arose from ordinary course of business of the Company. The amounts due are unsecured, non-interest-bearing and have no fixed terms of repayment.

The related company is a jointly-controlled entity of a fellow subsidiary.

The carrying amounts of accruals and other payables approximate to their fair values. Other payables are non-interest-bearing and have an average credit term of one month.

25. CONVERTIBLE NOTES

	Group and Company	
	31 July 2011 HK$'000	31 March 2011 HK$'000
First Completion Convertible Notes	**277,153**	—

Pursuant to the Subscription Agreement of which the details have been set out in Note 1 above, among other terms, the Company conditionally agreed to issue to the Subscribers and the Subscribers conditionally agreed to subscribe for 3-year zero coupon convertible notes in an aggregate principal amount of HK$371,386,642 (being the First Completion Convertible Notes referred to in Note 1 above). The First Completion Convertible Notes are convertible, at the option of the holders, into the Company's ordinary shares of HK$0.01 each during the period commencing on the first day of the First Completion Convertible Notes and expiring on the date which is five business days preceding the maturity date.

The First Completion Convertible Notes were issued to the holders on 9 June 2011. Part of the First Completion Convertible Notes in an aggregate principal amount of HK$170,000,000 carries the conversion right entitling the relevant holders to subscribe for a total of 10,625,000,000 shares of HK$0.01 each in the Company at a conversion price of HK$0.016 per share and part of the First Completion Convertible Notes in an aggregate principal amount of HK$201,386,642 carries the conversion right entitling the relevant holders to subscribe for a total of 7,231,118,192 shares of HK$0.01 each in the Company at a conversion price of HK$0.02785 per share.

25. CONVERTIBLE NOTES *(Continued)*

Unless previously converted, redeemed, purchased or cancelled in accordance with the terms and conditions of the First Completion Convertible Notes, the First Completion Convertible Notes will be redeemed by the Company on the maturity date (i.e. 8 June 2014) at the principal amount outstanding.

The fair value of the liability component was estimated at the issue date using an equivalent market interest rate for a similar note without a conversion option. The residual amount is assigned as the equity component and is included as part of shareholders' equity.

The net proceeds received from the issue of the First Completion Convertible Notes were split as to the liability and equity components, as follows:

	Group and Company 31 July 2011 HK$'000
Face value of convertible notes issued	371,387
Equity component	(89,909)
Direct transaction costs attributable to the liability component	(8,613)
Liability component at date of issue	272,865
Interest charged	4,288
Liability component at 31 July 2011	277,153

The interest charged for the period from the date of issue of the First Completion Convertible Notes to 31 July 2011 was calculated by applying an effective interest rate of 10.8% per annum to the liability component.

The fair value of the liability component of the First Completion Convertible Notes at 31 July 2011 was approximately HK$262,263,000. The fair value was calculated by discounting the future cash flows at the prevailing market interest rate as at 31 July 2011.

26. CONVERTIBLE BONDS

(a) Convertible bonds in the principal amount of HK$25,000,000

The convertible bonds were issued to the bondholder on 30 April 2010. The said bonds were convertible into ordinary shares of HK$0.01 each in 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.

The convertible bonds would be redeemed at par on 29 April 2013 if the conversion right attaching to the convertible bonds was not exercised. The bonds carried interest at a rate of 2% per annum, payable semi-annually in arrears on 31 March and 30 September in each year.

26. CONVERTIBLE BONDS *(Continued)*

(a) Convertible bonds in the principal amount of HK$25,000,000 *(Continued)*

The net proceeds received from the issue of the convertible bonds were split as to the liability and equity components, as follows:

	Group and Company HK$'000
Face value of convertible bonds issued	25,000
Equity component	(4,747)
Direct transaction costs attributable to the liability component	(355)
Liability component at date of issue	19,898
Interest charged	1,776
Interest paid or payable	(459)
Liability component at 31 March 2011 and 1 April 2011	21,215
Interest charged	95
Conversion of convertible bonds *(Note 28(a))*	(21,310)
Liability component at 31 July 2011	—

Interest charged for the period/year was calculated by applying an effective interest rate of 9.4% per annum to the liability component.

The fair value of the liability component of the convertible bonds at 31 March 2011 was approximately HK$21,593,000. This fair value was calculated by discounting the future cash flows at the prevailing market interest rate as at 31 March 2011.

(b) Share options in the principal amount of HK$12,500,000

On 30 April 2010, the Company granted to the option holder to subscribe for 250,000,000 ordinary shares of HK$0.01 each in the Company at an option price of HK$0.05 per option share, exercisable for a period of three years from the date of issue.

The option fee of HK$2,500,000 received during the year ended 31 March 2011 was recognised in equity as subscription right reserve as at 31 March 2011.

Upon exercise of the share options by the option holder, 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 (Note 28(b)).

27. DEFERRED TAX LIABILITIES

Movements in deferred tax liabilities during the period/year were as follows:

Group

	Accelerated tax depreciation HK$'000	**Other intangible assets** HK$'000	**Total** HK$'000
At 1 April 2010	—	759	759
Deferred tax charged/(credited) to the income statement during the year *(Note 10)*	149	(417)	(268)
Exchange differences	—	24	24
At 31 March 2011 and 1 April 2011	149	366	515
Deferred tax credited to the income statement during the period *(Note 10)*	—	(370)	(370)
Disposal of a subsidiary	(54)	—	(54)
Exchange differences	—	4	4
At 31 July 2011	95	—	95

The Group has tax losses arising in Hong Kong of approximately HK$64,122,000 (31 March 2011: approximately HK$46,885,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

The Group also has tax losses arising in Mainland China of approximately HK$5,555,000 (31 March 2011: approximately HK$4,977,000) that will expire in one to five years for offsetting against future taxable profits.

Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

28. SHARE CAPITAL

	31 July 2011 Number of shares '000	31 July 2011 Nominal value HK$'000	31 March 2011 Number of shares '000	31 March 2011 Nominal value HK$'000
Authorised:				
Ordinary shares of HK$0.01 each	**50,000,000**	**500,000**	50,000,000	500,000
Issued and fully paid:				
Ordinary shares of HK$0.01 each	**10,110,257**	**101,103**	2,307,114	23,071

Movements in issued share capital of the Company during the period/year are as follows:

	Notes	Period from 1 April 2011 to 31 July 2011 Number of shares '000	Period from 1 April 2011 to 31 July 2011 Nominal value HK$'000	Year ended 31 March 2011 Number of shares '000	Year ended 31 March 2011 Nominal value HK$'000
Balance at the beginning of the period/year		**2,307,114**	**23,071**	2,306,114	23,061
Shares issued under the share option scheme		**134,800**	**1,348**	1,000	10
Conversion of convertible bonds *(Note 26(a))*	*(a)*	**500,000**	**5,000**	—	—
Exercise of share options *(Note 26(b))*	*(b)*	**250,000**	**2,500**	—	—
Subscription of shares *(Note 1)*	*(c)*	**6,918,343**	**69,184**	—	—
Balance at the end of the period/year		**10,110,257**	**101,103**	2,307,114	23,071

Notes:

(a) Upon receipt of a notice from the bondholder requesting for the 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 with a principal amount of HK$25,000,000.

(b) 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 the share options by the option holder.

(c) Pursuant to the Subscription Agreement of which the details have been set out in Note 1 above, the Company issued on 9 June 2011 a total of 6,918,343,209 ordinary shares of HK$0.01 each. The proceeds from the issue of those shares amounted to approximately HK$118,614,000 (before expense).

Share options

Details of the Company's share option scheme and the share options issued under the scheme are included in Note 29 to the financial statements.

29. 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 for their contribution to the Group and/or to enable the Group to recruit and retain high-caliber employees and attract human resources that are valuable to the Group and any Invested Entity (as defined in the Share Option Scheme). 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 Group or any Invested Entity. The Share Option Scheme was adopted on 19 November 2009 and became effective on 24 November 2009 (being the date of the conditional listing approval issued by the Stock Exchange) and, unless otherwise cancelled or amended, will remain in force for 10 years from the latter date.

The principal terms of the Share Option Scheme are:

(a) 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 and any other share option scheme of the Company must not in aggregate exceed 30% of the issued share capital of the Company from time to time.

(b) 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 "Scheme Limit").

(c) The Company may 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 must not exceed 10% of the total number of shares in issue as at the date of approval of the limit.

(d) Subject to (f) below, the maximum number of shares to be issued upon exercise of the share options granted 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 anytime. Any further grant of share options in excess of this limit is subject to shareholders' approval at a general meeting with such participant and his associates abstaining from voting.

(e) Any grant of share options to a director, chief executive or substantial shareholder of the Company, or to any of their associates, is subject to approval in advance by the independent non-executive directors.

(f) Any grant of share options 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 grant) in excess of HK$5 million, within any 12-month period, is subject to shareholders' approval in advance at a general meeting.

(g) The offer of a grant of share options may be accepted within 28 days from the date of offer, together with payment of a nominal consideration of HK$1 for the grant by the grantee.

29. SHARE OPTION SCHEME *(Continued)*

(h) The exercise period of the share options granted is determined by the directors provided that such period must not be more than ten years from the date of offer of grant of share options or the determination date of the Share Option Scheme, if earlier.

(i) The exercise price of the share options is determined by the directors, but must not be lower than the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of offer of grant; and (iii) the nominal value of the Company's shares.

Share options do not confer rights on the holders to dividends or to vote at general meetings of the Company.

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

	Period from 1 April 2011 to 31 July 2011		Year ended 31 March 2011	
	Number of share options	**Exercise price* per share HK$**	Number of share options	Exercise price* per share HK$
Outstanding at the beginning of the period/year	**229,600,000**	**0.198**	—	—
Granted during the period/year	**—**	**—**	230,600,000	0.198
Exercised during the period/year	**(134,800,000)**	**0.198**	(1,000,000)	0.198
Lapsed/cancelled during the period/year	**(94,800,000)**	**0.198**	—	—
Outstanding at the end of the period/year	**—**	**—**	229,600,000	0.198
Exercisable at the end of the period/year	**—**	**—**	229,600,000	0.198

* The exercise price of the share options is subject to adjustment in case of rights issue or other specific changes in the Company's share capital.

The weighted average closing price of the Shares immediately before the dates on which share options were exercised during the period was HK$0.255 per share (31 March 2011: HK$0.285).

The exercise period of all the share options granted during the year ended 31 March 2011 is 10 years from the date of grant (i.e. 15 November 2010). The fair value of the share options granted during the year ended 31 March 2011 was HK$8,197,000 which was recognised as a share option expense for that year. No share options were granted during the period from 1 April 2011 to 31 July 2011.

29. SHARE OPTION SCHEME *(Continued)*

The fair value of equity-settled share options granted during the year ended 31 March 2011 was estimated as at the date of grant, using a Black-Scholes model, taking into account the terms and conditions upon which the share options were granted. The following table lists the inputs to the model used:

Date of grant	15 November 2010
Exercise price per share	HK$0.198
Dividend yield (%)	—
Expected volatility (%)	65.35%
Risk-free interest rate (%)	0.295%
Expected life of option (year)	0.581

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.

No other feature of the options granted was incorporated into the measurement of fair value.

At 31 July 2011, the Company had no share option outstanding under the Share Option Scheme.

In compliance with Chapter 23 of the GEM Listing Rules, the shareholders passed a resolution at the annual general meeting of the Company held on 20 August 2011 for approving the refreshment of the Scheme Limit allowing the Company to grant further options for subscription of up to a total of 1,011,025,761 shares, representing 10% of the total issued shares of the Company as at the date of passing the relevant resolution.

The refreshment of the Scheme Limit was also approved by the shareholders of eSun at a special general meeting held on 22 October 2011 pursuant to the requirements of Rule 17.01(4) of the Main Board Listing Rules and Rule 23.01(4) of the GEM Listing Rules.

On 26 August 2011, an option to subscribe for a total of 94,025,000 shares of the Company was granted to an eligible participant (who was appointed an executive director and the chief executive officer of the Company with effect from 6 September 2011 (the "Commencement Date")). The option will be divided into three tranches with different vesting and exercise periods. The exercise period of the first tranche will start from the twelfth month after the Commencement Date, and the exercise prices range from HK$0.2042 to HK$0.26546 per share. The closing price of the Company's shares at the date of grant of the option was HK$0.2042 per share. Further details of the option granted on 26 August 2011 are set out in the Company's announcement dated 26 August 2011.

At the date of approval of these financial statements, the Company had an outstanding share option entitling the grantee to subscribe for 94,025,000 shares of HK$0.01 each in the Company, which represented approximately 0.72% of the Company's shares in issue at that date (13,140,257,612 shares) and might grant further options to subscribe for a maximum of 786,440 shares of HK$0.01 each in the Company, representing 0.006% of the Company's shares in issue as at that date.

30. RESERVES

(a) Group

The amounts of the Group's reserves and movements therein for the current period and the prior year are presented in the consolidated statement of changes in equity.

(b) Company

	Share premium account HK$'000	Contributed surplus HK$'000 *(Note i)*	Capital reserve HK$'000 *(Note ii)*	Subscription right reserve HK$'000 *(Note iii)*	Share-based payment reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2010	2	44,475	—	—	—	(28,086)	16,391
Loss for the year and total comprehensive loss for the year	—	—	—	—	—	(41,719)	(41,719)
Share-based payments	—	—	—	—	8,197	—	8,197
Issue of convertible bonds *(Note 26(a))*	—	—	4,747	—	—	—	4,747
Costs of issue of convertible bonds	—	—	(83)	—	—	—	(83)
Proceeds from issue of share options *(Note 26(b))*	—	—	—	2,500	—	—	2,500
Shares issued under share option scheme *(Note 28)*	224	—	—	—	(36)	—	188
At 31 March 2011 and 1 April 2011	226	44,475	4,664	2,500	8,161	(69,805)	(9,779)
Profit for the period and total comprehensive income for the period	—	—	—	—	—	14,129	14,129
Conversion of convertible bonds *(Note 26(a))*	20,950	—	(4,664)	—	—	—	16,286
Exercise of share options *(Note 26(b))*	12,500	—	—	(2,500)	—	—	10,000
Subscription of shares *(Note 28(c))*	49,430	—	—	—	—	—	49,430
Share issue expense	(3,628)	—	—	—	—	—	(3,628)
Shares issued under share option scheme *(Note 28)*	30,133	—	—	—	(4,791)	—	25,342
Issue of convertible notes *(Note 25)*	—	—	89,909	—	—	—	89,909
Costs of issue of convertible notes	—	—	(2,751)	—	—	—	(2,751)
Issue of a forward contract	—	—	5,493	—	—	—	5,493
Transfer of share-based payment reserve upon lapse or cancellation of share options	—	—	—	—	(3,370)	3,370	—
At 31 July 2011	**109,611**	**44,475**	**92,651**	**—**	**—**	**(52,306)**	**194,431**

30. RESERVES *(Continued)*

(b) Company *(Continued)*

Notes:

(i) Contributed surplus

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 effected in 2009.

Under the Bermuda Companies Act, 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.

(ii) Capital reserve

The capital reserve represents the value of the unexercised equity component of the convertible notes/bonds issued by the Company recognised in accordance with the accounting policies adopted for the convertible notes/convertible bonds in Notes 25 and 26 to the financial statements, respectively.

(iii) Subscription right reserve

Subscription right reserve represents the net proceeds received from the issue of share options. The subscription right reserve is transferred to share premium account upon the exercise of the share options.

31. DISPOSAL OF A SUBSIDIARY

On 28 July 2011, the Company entered into a sale and purchase agreement with an independent third party, pursuant to which the Company agreed to dispose of its entire 100% equity interest in Oriental Brand Limited ("Oriental Brand") for a consideration of approximately HK$608,000. The aforesaid sale and purchase transaction was completed on 28 July 2011.

The net assets of Oriental Brand at the date of disposal were as follows:

	HK$'000
Property, plant and equipment	463
Prepayments, deposits and other receivables	54
Cash and cash equivalents	69
Deferred tax liabilities	(54)
Net assets disposed of	532
Gain on disposal of a subsidiary	76
Cash consideration	608

31. DISPOSAL OF A SUBSIDIARY *(Continued)*

An analysis of the cash flows in respect of the disposal of a subsidiary is as follows:

	HK$'000
Cash consideration to receive	608
Cash and cash equivalents disposed of	(69)
	539
Less: Cash consideration received subsequent to the end of reporting period *(Note)*	(608)
Net cash outflow in respect of the disposal of a subsidiary during the period from 1 April 2011 to 31 July 2011	(69)

Note: The consideration was recorded as a receivable of the Group as at 31 July 2011. Subsequent to 31 July 2011, the receivable was fully settled in cash by the purchaser.

32. COMMITMENTS

(a) Capital commitment

As 31 July 2011, the Group had the following capital commitment, contracted but not provided for, as follows:

	Group	
	31 July 2011 HK$'000	31 March 2011 HK$'000
Capital contribution payable to a joint venture to be established	**3,555**	—

At the end of the reporting period, the Company did not have any other significant capital commitment.

32. COMMITMENTS *(Continued)*

(b) Operating lease commitments

As 31 July 2011, the Group leased certain of its office premises under operating lease arrangements. Leases for properties are negotiated for terms ranging from six months to two years (31 March 2011: one to two years).

At 31 July 2011, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group	
	31 July 2011 HK$'000	31 March 2011 HK$'000
Within one year	**583**	806

At the end of the reporting period, the Company had no other significant operating lease commitments (31 March 2011: Nil).

33. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the period/year:

Compensation of key management personnel of the Group:

	Group	
	Period from 1 April to 31 July 2011 HK$'000	Year ended 31 March 2011 HK$'000
Short term employee benefits	**2,151**	6,822
Equity-settled share option expense	**—**	2,168
Post-employment benefits	**19**	51
	2,170	9,041

Further details of directors' emoluments are included in Note 9 to the financial statements.

34. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Group

Financial assets

31 July 2011

	Loans and receivables HK$'000	Financial assets at fair value through profit or loss HK$'000	Total HK$'000
Trade receivables	3,415	—	3,415
Financial assets included in prepayments, deposits and other receivables	3,460	—	3,460
Forward contract	—	26,148	26,148
Cash and cash equivalents	507,315	—	507,315
	514,190	26,148	540,338

31 March 2011

	Loans and receivables HK$'000
Trade receivables	4,822
Financial assets included in prepayments, deposits and other receivables	1,184
Cash and cash equivalents	20,449
	26,455

34. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

Group *(Continued)*

Financial liabilities

	31 July 2011 Financial liabilities at amortised cost HK$'000	31 March 2011 Financial liabilities at amortised cost HK$'000
Trade payables	2,192	—
Financial liabilities included in accruals and other payables	7,862	2,946
Convertible notes	277,153	—
Convertible bonds	—	21,215
	287,207	24,161

Company

Financial assets

31 July 2011

	Loans and receivables HK$'000	Financial assets at fair value through profit or loss HK$'000	Total HK$'000
Due from subsidiaries	56,189	—	56,189
Financial assets included in prepayments, deposits and other receivables	766	—	766
Forward contract	—	26,148	26,148
Cash and cash equivalents	489,580	—	489,580
	546,535	26,148	572,683

34. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

Company *(Continued)*

31 March 2011

	Loans and receivables HK$'000
Due from subsidiaries	19,254
Financial assets included in prepayments, deposits and other receivables	158
Cash and cash equivalents	15,652
	35,064

Financial liabilities

	31 July 2011 Financial liabilities at amortised cost HK$'000	31 March 2011 Financial liabilities at amortised cost HK$'000
Financial liabilities included in accruals and other payables	**3,673**	1,932
Convertible notes	**277,153**	—
Convertible bonds	**—**	21,215
	280,826	23,147

35. FAIR VALUE HIERARCHY

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

As at 31 July 2011, the forward contract amounting to HK$26,148,000 (31 March 2011: Nil) was measured at fair value in Level 3.

Movements in fair value measurement in Level 3 during the period/year were as follows:

Forward contract

	Group and Company HK$'000
At 1 April 2010, 31 March 2011 and 1 April 2011	—
Initial recognition of fair value on 9 June 2011	5,493
Fair value gain recognised in the income statement	20,655
At 31 July 2011	26,148

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise convertible notes/convertible bonds, a forward contract and cash and cash equivalents. The main purpose of these financial instruments is to raise funds for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and interest rate risk. The directors of the Company meet periodically to analyse and formulate measures to manage the Group's exposure to these risks. Generally, the Group introduces conservative strategies on its risk management. As the Group's exposure to these risks is kept to a minimum, the Group has not used any derivatives and other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes. The directors review and agree policies for managing each of these risks and they are summarised as follows:

Foreign currency risk

Certain subsidiaries of the Company have transactions denominated in Renminbi ("RMB"). The Group is exposed to foreign exchange risk arising from the exposure of RMB against Hong Kong dollars.

At present, the Group does not intend to seek to hedge its exposure to foreign exchange fluctuations. However, the Group will constantly review the economic situation and its foreign exchange risk profile and will consider appropriate hedging measures in the future as may be necessary.

The following table demonstrates the sensitivity of the Group's equity at the end of the reporting period to a reasonably possible change in the RMB exchange rate, with all other variables held constant.

	Increase in RMB rate %	**Increase in equity** HK$'000
31 July 2011		
If Hong Kong dollar weakens against RMB	**5**	**1,091**
31 March 2011		
If Hong Kong dollar weakens against RMB	5	1,863

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's financial assets, which comprise cash and cash equivalents, trade and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

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

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

Pursuant to the contract between AnyMusic Limited ("AnyMusic"), an indirect wholly-owned subsidiary of the Company, and these customers, AnyMusic licenses its technology to these customers which they use in provision of value-added telecommunications services in the PRC. In return, AnyMusic is entitled to a specified percentage of the revenue generated by these customers, which is negotiated between the parties based on existing market conditions when the contract is renewed annually.

Since there is no independent rating on these customers, the credit risk is controlled by assessing the credit quality of these customers taking into account their repayment history, past experience and other factors. Due to the current market situation and the deterioration of the operating environment, the directors anticipate that the recoverability of the trade receivables of HK$3,918,000 (year ended 31 March 2011: HK$3,918,000) (Note 19) from these customers is uncertain. As a result, the directors determined to make a provision of the same amount for trade receivables.

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

The Group has policies in place to monitor credit risk. The amount due from the agent is closely monitored by the directors.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Interest rate risks

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank deposits, convertible notes and convertible bonds.

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

At present, the Group does not intend to seek to hedge its exposure to interest rate fluctuations. However, the Group will constantly review the economic situation and its interest rate risk profile, and will consider appropriate hedging measures in future as may be necessary.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit/(loss) before tax and the Group's and the Company's equity.

	Group			Company	
	Increase in interest rate (in percentage)	**Increase in profit/(loss) before tax**	**Increase in equity**	**Increase in interest rate (in percentage)**	**Increase in equity**
		HK$'000	HK$'000		HK$'000
31 July 2011					
Time deposits	**0.5%**	**2,145**	**2,145**	**0.5%**	**2,145**
31 March 2011					
Time deposits	0.5%	44	44	0.5%	44

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

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payment, is as follows:

Group

	Less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Total HK$'000
At 31 July 2011				
Trade payables	**2,192**	**—**	**—**	**2,192**
Financial liabilities included in accruals and other payables	**7,862**	**—**	**—**	**7,862**
Convertible notes	**—**	**—**	**371,387**	**371,387**
Total	**10,054**	**—**	**371,387**	**381,441**

	Less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Total HK$'000
At 31 March 2011				
Accruals and other payables	2,946	—	—	2,946
Convertible bonds	501	498	25,041	26,040
Total	3,447	498	25,041	28,986

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk *(Continued)*

The maturity profile of the Company's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payment, is as follows:

Company

	Less than 1 year HK$'000	**Between 1 and 2 years HK$'000**	**Between 2 and 5 years HK$'000**	**Total HK$'000**
At 31 July 2011				
Accruals and other payables	**3,673**	**—**	**—**	**3,673**
Convertible notes	**—**	**—**	**371,387**	**371,387**
Total	**3,673**	**—**	**371,387**	**375,060**

	Less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Total HK$'000
At 31 March 2011				
Accruals and other payables	1,932	—	—	1,932
Convertible bonds	501	498	25,041	26,040
Total	2,433	498	25,041	27,972

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Capital management

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 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, issue new shares, raise new debts and redeem existing debts.

The Group monitors capital by maintaining a net cash position throughout the period/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. The Group receives a report from the share registrars monthly on substantial share interests showing the non-public float, and it demonstrates the Group's continuing compliance with the 25% threshold throughout the period. As at 31 July 2011, 31.49% (year ended 31 March 2011: 75.62%) of the shares were in public hands.

37. EVENTS AFTER THE REPORTING PERIOD

(a) Change of Company name and increase in authorised share capital

The board proposed to seek the approval of the shareholders of the Company (the "Shareholders") at the annual general meeting of the Company held on 20 August 2011 (the "AGM"), among other things:

(i) 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 "Change of Company Name"); and

(ii) to increase the authorised share capital of the Company from HK$500,000,000 divided into 50,000,000,000 ordinary shares of HK$0.01 each (the "Shares") to HK$600,000,000 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").

The Change of Company Name and the Increase in Authorised Share Capital were approved by the Shareholders at the AGM. The Change of Company Name was approved by the Registrar of Companies in Bermuda on 23 August 2011 and by the Registrar of Companies in Hong Kong on 12 September 2011. The English stock short name of the Company was changed from "Rojam" to "Media Asia" and the Chinese stock short name of "寰亞傳媒" was adopted with effect from 22 September 2011.

Further details of the Change of Company Name and the Increase in Authorised Share Capital are set out in the Company's circular dated 21 July 2011 and the Company's announcement dated 19 September 2011.

37. EVENTS AFTER THE REPORTING PERIOD *(Continued)*

(b) Placing of New Shares

The Company and CLSA Limited (the "Placing Agent") entered into a conditional placing agreement and a supplemental agreement on 28 July 2011 and 1 August 2011, respectively, pursuant to which the Placing Agent agreed to place up to 2,022,051,522 Shares at a price of HK$0.20 per Share (the "Placing"). The Placing was approved by the Shareholders at the special general meeting of the Company held on 27 August 2011. The Placing was completed on 8 September 2011. An aggregate of 1,467,500,000 Shares were issued to three placees who and whose ultimate beneficial owners are independent of, and not connected with, the Company and any of its subsidiaries or any of their respective associates (as defined in the GEM Listing Rules). The net proceeds from the Placing amounted to approximately HK$291,000,000.

Further details of the Placing are set out in the Company's circular dated 11 August 2011 and the Company's announcements dated 28 July 2011, 1 August 2011 and 8 September 2011.

(c) On 26 August 2011, a share option comprising 94,025,000 Shares was granted to an eligible participant, the details of which are set out in Note 29 to the financial statements.

38. COMPARATIVE AMOUNTS

Prior year comparative amounts on cost of sales of HK$610,000 had been reclassified to other operating expenses to conform with current period's presentation. In the opinion of directors, such reclassifications would produce a more appropriate presentation of the Group's financial results.

39. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 27 October 2011.

Notice of Special General Meeting

NOTICE IS HEREBY GIVEN THAT a special general meeting of the members of **MEDIA ASIA GROUP HOLDINGS LIMITED** (the "Company") will be held at Crystal Rooms 1 and 2, Basement 3, Holiday Inn Golden Mile Hong Kong, 50 Nathan Road, Tsimshatsui, Kowloon, Hong Kong on Monday, 19 December 2011 at 11:30 a.m. (the "SGM") for the purpose of considering and, if thought fit, passing, with or without modification, the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

(1) To receive and consider the audited financial statements of the Company and the reports of the directors and the independent auditors for the four months ended 31 July 2011; and

(2) To elect the following directors of the Company (the "Directors"):

(a) Mr. Tang Jun as an executive Director;

(b) Mr. Choi Chiu Fai, Stanley as an executive Director; and

(c) Mr. Ng Chi Ho, Dennis as an independent non-executive Director.

By Order of the Board
Media Asia Group Holdings Limited
Etsuko Hoshiyama
Company Secretary

Hong Kong, 31 October 2011

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head office and principal place of business in Hong Kong:
23rd Floor
Sunshine Plaza
353 Lockhart Road
Wanchai, Hong Kong

Notes:

1. A member of the Company (the "Member") entitled to attend and vote at the SGM is entitled to appoint one (or, if he holds two or more shares, more than one) proxy to attend the SGM and vote on his behalf in accordance with the Company's Bye-laws. A proxy need not be a Member but must attend the SGM in person to represent the Member.

2. To be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must be lodged with the branch share registrar of the Company in Hong Kong (the "Registrar"), Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for holding the SGM or its adjourned meeting (as the case may be) and in default, the proxy shall not be treated as valid. Completion and return of the form of proxy shall not preclude Members from attending in person and voting at the SGM or at any of its adjourned meeting should they so wish. In that event, their forms of proxy will be deemed to have been revoked.

3. To ascertain the entitlements to attend and vote at the SGM, Members must lodge the relevant transfer document(s) and share certificate(s) at the Registrar's above office not later than 4:30 p.m. on 14 December 2011 for registration.

4. Where there are joint registered holders of any share in the Company, any one of such joint holders may attend and vote at the SGM or its adjourned meeting, either in person or by proxy, in respect of such shares as if he/she/it were solely entitled thereto; but if more than one of such joint holders are present at the SGM or its adjourned meeting, personally or by proxy, that one of such holders so present whose name stands first in the register/branch register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.

5. Concerning agenda item 2 of this Notice,

   (i) in accordance with Bye-law 83(2) of the Company's Bye-laws and code provision A.4.2 of the Code on Corporate Governance Practice set out in Appendix 15 to the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules"), Mr. Ng Chi Ho, Dennis (appointed an independent non-executive director to fill a casual vacancy with effect from 3 October 2011) will retire and, being eligible, offer himself for re-election.

   As a good corporate governance practice, Mr. Tang Jun (appointed an executive director and the chief executive officer of the Company with effect from 6 September 2011) and Mr. Choi Chiu Fai, Stanley (appointed an executive director with effect from 24 October 2011) will voluntarily retire as directors and, offer themselves for re-election though they are due to retire only at the annual general meeting to be held in 2012; and

   (ii) in accordance with Rule 17.46(A) of the GEM Listing Rules, details of the aforesaid Directors are set out in the "Biographical Details of Directors" section of the Annual Report of the Company for the period ended 31 July 2011.

   For the purpose of their re-election as Directors at the SGM, there is no other information which is discloseable pursuant to any of the requirements under Rule 17.50(2) of the GEM Listing Rules, and there is no other matter which needs to be brought to the attention of the Members.

6. In compliance with Rule 17.47(4) of the GEM Listing Rules and the Company's Bye-laws, voting on resolutions in respect of the above matters set out in this notice and any other resolutions properly put to the vote of the SGM will be decided by way of a poll.

7. If a tropical cyclone warning signal No. 8 or above is expected to be hoisted or a black rainstorm warning signal is expected to be in force at any time between 9:00 a.m. and 5:00 p.m. on the date of the SGM, then the SGM will be postponed and the Members will be informed of the date, time and venue of the postponed SGM by a supplementary notice posted on the respective websites of the Company and Hong Kong Exchanges and Clearing Limited.

   If a tropical cyclone warning signal No. 8 or above or a black rainstorm warning signal is cancelled at or before 9:00 a.m. on the date of the SGM, and where conditions permit, the SGM will be held as scheduled.

   The SGM will be held as scheduled when an amber or red rainstorm warning signal is in force.

   Members should decide on their own whether they would attend the SGM under a bad weather condition bearing in mind their own situations and if they do so, they are advised to exercise care and caution.

Media Asia actively expands the media and entertainment markets of mainland China. Its business scope includes film production, concert and music performance, artiste management, television dramas production and distribution, investment in movie theatres, and new media business.

寰亞傳媒大力開拓中國大陸的傳媒及娛樂市場，其業務範圍包括電影製作、演唱會與音樂表演、藝人管理、電視劇製作與發行、電影院投資及新媒體業務。

Media Asia Group Holdings Limited
寰亞傳媒集團有限公司
(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)
（於開曼群島註冊成立及於百慕達存續之有限公司）

23/F., Sunshine Plaza, No. 353 Lockhart Road, Wanchai, Hong Kong
香港灣仔駱克道三百五十三號三湘大廈二十三樓

Tel 電話 : (852) 3184-0990　　Fax 傳真 : (852) 3184-9999
Website 互聯網址 : http://www.maghl.com
E-mail 電子郵件 : investor@maghl.com