



Stock Code: 8075

Website: www.rojam.com

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2011

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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

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

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

RESULTS

The board of directors (the “Board”) of Rojam Entertainment Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) is pleased to announce the audited consolidated results of the Group for the year ended 31 March 2011 together with the comparative audited figures for the preceding year ended 31 March 2010 as set out below. The annual results have been reviewed by the audit committee.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2011

	Note	2011 HK\$'000	2010 HK\$'000
Continuing operations			
Turnover	3	9,592	1,914
Cost of sales and services rendered		(7,927)	(1,206)
Gross profit		1,665	708
Other income	4	106	166
Selling expenses		(241)	(76)
Administrative expenses		(35,412)	(13,387)
Other operating expenses		(10,078)	(7,364)
Loss from operations		(43,960)	(19,953)
Finance costs	6	(1,776)	—
Loss before tax		(45,736)	(19,953)
Income tax credit	7	268	101
Loss for the year from continuing operations	8	(45,468)	(19,852)
Discontinued operations			
Gain for the year from discontinued operations		—	2,932
Loss for the year		(45,468)	(16,920)

	Note	2011 HK\$'000	2010 HK\$'000
Attributable to:			
Owners of the Company			
Loss from continuing operations		(43,887)	(19,852)
Profit from discontinued operations		<u>—</u>	<u>2,932</u>
Loss attributable to owners of the Company	9	<u>(43,887)</u>	<u>(16,920)</u>
Non-controlling interests			
Loss from continuing operations		(1,581)	—
Loss from discontinued operations		<u>—</u>	<u>—</u>
Loss attributable to non-controlling interests		<u>(1,581)</u>	<u>—</u>
		<u>(45,468)</u>	<u>(16,920)</u>
Basic loss per share			
Loss from continuing and discontinued operations	9	<u>1.9 cents</u>	<u>0.8 cents</u>
Loss from continuing operations	9	<u>1.9 cents</u>	<u>0.9 cents</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2011

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2011

	Note	2011 HK\$'000	2010 HK\$'000
Non-current assets			
Property, plant and equipment		1,466	377
Goodwill		—	—
Other intangible assets		4,560	7,040
		<u>6,026</u>	<u>7,417</u>
Current assets			
Trade receivables	11	4,822	38
Prepayments, deposits and other receivables		16,422	5,835
Bank and cash balances		20,449	43,466
		<u>41,693</u>	<u>49,339</u>
Current liabilities			
Trade payables		—	2
Accruals and other payables		2,946	3,620
		<u>2,946</u>	<u>3,622</u>
Net current assets		<u>38,747</u>	<u>45,717</u>
Total assets less current liabilities		<u>44,773</u>	<u>53,134</u>
Non-current liabilities			
Convertible bonds	12	21,215	—
Deferred tax liabilities		515	759
		<u>21,730</u>	<u>759</u>
NET ASSETS		<u>23,043</u>	<u>52,375</u>
Capital and reserves			
Share capital	13	23,071	23,061
Reserves		1,553	29,314
Equity attributable to owners of the Company		24,624	52,375
Non-controlling interests		(1,581)	—
TOTAL EQUITY		<u>23,043</u>	<u>52,375</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2011

	Attributable to the owners of the Company										
	Share capital (note 13) 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 2009	192,611	2	—	—	—	—	4,782	(165,101)	32,294	675	32,969
Total comprehensive income for the year	—	—	—	—	—	—	47	(16,920)	(16,873)	—	(16,873)
Issue of shares on placement (note 13 (a))	38,000	—	—	—	—	—	—	(842)	37,158	—	37,158
Capital reduction and transfer (note 13(b)(i) and (iii))	(207,550)	—	207,550	—	—	—	—	—	—	—	—
Transfer (note 13(b)(iv))	—	—	(163,075)	—	—	—	—	163,075	—	—	—
Disposal of a subsidiary	—	—	—	—	—	—	(204)	—	(204)	(675)	(879)
Changes in equity for the year	(169,550)	—	44,475	—	—	—	(157)	145,313	20,081	(675)	19,406
At 31 March 2010 and 1 April 2010	23,061	2	44,475	—	—	—	4,625	(19,788)	52,375	—	52,375
Total comprehensive income for the year	—	—	—	—	—	—	577	(43,887)	(43,310)	(1,581)	(44,891)
Share-based payments	—	—	—	—	—	8,197	—	—	8,197	—	8,197
Shares issued under share option scheme (note 13(c))	10	224	—	—	—	(36)	—	—	198	—	198
Proceeds from issue of share options (note 12(b))	—	—	—	—	2,500	—	—	—	2,500	—	2,500
Issue of convertible bonds (note 12(a))	—	—	—	4,747	—	—	—	—	4,747	—	4,747
Transaction cost from issue of convertible bonds	—	—	—	(83)	—	—	—	—	(83)	—	(83)
Changes in equity for the year	10	224	—	4,664	2,500	8,161	577	(43,887)	(27,751)	(1,581)	(29,332)
At 31 March 2011	23,071	226	44,475	4,664	2,500	8,161	5,202	(63,675)	24,624	(1,581)	23,043

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

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

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting year beginning on 1 April 2010. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current year and prior years except as stated below.

Consolidation

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

- Total comprehensive income is attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance. The previous HKAS 27 requires excess losses to be allocated to the owners of the Company, except to the extent that the non-controlling shareholders have a binding obligation and are able to make an additional investment to cover the losses.
- Changes in the Company’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received shall be recognised directly in equity and attributed to the owners of the Company. The previous HKAS 27 does not have specific requirements for such transactions.
- When the disposal of a subsidiary results in a loss of control, the consideration of the sale and any investment retained in that subsidiary are required to be measured at their fair values. The previous HKAS 27 does not have specific requirements for such fair value measurements.

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

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

2. BASIS OF PREPARATION

The consolidated results have been prepared in accordance with HKFRSs, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the GEM Listing Rules and by the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention.

3. TURNOVER

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

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

4. OTHER INCOME

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

5. SEGMENT INFORMATION

(a) Business segment information

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

Entertainment business	— Event organisation and provision of event management services.
Licensing of software business	— Development and licensing of software and technology for use in connection with the provision of value added telecommunication services in the PRC.

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

Segment profits or losses do not include other income, selling expenses, certain administrative expenses, other operating expenses and finance costs. Segment assets do not include property, plant and equipment, goodwill, other intangible assets, bank and cash balances and other corporate assets. Segment liabilities do not include convertible bonds, deferred tax liabilities and other corporate liabilities.

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

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

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

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

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

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

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

(b) Geographical information

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

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

(c) Information about major customers

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

6. FINANCE COSTS

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

7. INCOME TAX CREDIT

	2011 HK\$'000	2010 HK\$'000
Current tax		
Provision for the year	—	—
Deferred tax	268	101
	268	101

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

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

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

8. LOSS FOR THE YEAR

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

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

9. BASIC LOSS PER SHARE

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

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

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

10. DIVIDENDS

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

11. TRADE RECEIVABLES

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

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

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

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

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

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

	Group	
	2011 HK\$'000	2010 <i>HK\$'000</i>
Up to 3 months	3,868	—
3 to 6 months	415	7
Over 6 months	—	31
	<hr/> 4,283 <hr/>	<hr/> 38 <hr/>

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

	2011 HK\$'000	2010 <i>HK\$'000</i>
Hong Kong dollars	3,621	—
Renminbi	1,201	38
	<hr/> 4,822 <hr/>	<hr/> 38 <hr/>

12. CONVERTIBLE BONDS

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

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

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

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

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

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

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

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

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

13. SHARE CAPITAL

	Note	Number of Shares	Amount HK\$'000
Authorised:			
Ordinary shares of HK\$0.01 each			
At 1 April 2008 and 31 March 2009		5,000,000,000	500,000
Subdivision of shares	(b)(ii)	<u>45,000,000,000</u>	<u>—</u>
At 31 March 2010 and 2011		<u>50,000,000,000</u>	<u>500,000</u>
Issued and fully paid:			
Ordinary shares of HK\$0.01 each			
At 1 April 2008 and 31 March 2009		1,926,114,403	192,611
Issue of shares on placement	(a)	380,000,000	38,000
Reduction of the issued share capital	(b)(i)	<u>—</u>	<u>(207,550)</u>
At 31 March 2010 and 1 April 2010		2,306,114,403	23,061
Shares issued under share option scheme	(c)	<u>1,000,000</u>	<u>10</u>
At 31 March 2011		<u>2,307,114,403</u>	<u>23,071</u>

Notes:

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

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

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

- (i) reduction of the issued share capital of the Company through reducing the par value of each of the issued shares from HK\$0.10 each to HK\$0.01 each by cancelling the paid-up capital of the Company to the extent of HK\$0.09 on each of the issued shares;
 - (ii) subdivision of each authorised but unissued share of HK\$0.10 into 10 new shares of HK\$0.01 each;
 - (iii) the transfer of the credit of HK\$207,550,000 arising from the capital reduction mentioned in note 13(b)(i) to the contributed surplus account of the Company; and
 - (iv) the utilisation of the credits standing to the contributed surplus account of the Company to offset the accumulated losses of the Company of HK\$163,075,000 in full on the date the Capital Reorganisation becoming effective.
- (c) On 18 February 2011, share options granted under the share option scheme of the Company which was adopted on 19 November 2009 were exercised to subscribe for 1,000,000 ordinary shares in the Company at a consideration of HK\$198,000 of which HK\$10,000 was credit to share capital and the balance of HK\$188,000 was credited to the share premium account. HK\$36,000 has been transferred from the share-based payment reserve to the share premium account.

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

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

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

The only externally imposed capital requirement is that for the Group to maintain its listing on the Stock Exchange it has to maintain sufficient public float required under the GEM Listing Rules (minimum prescribed percentage applicable to the Company is currently 18.2%). The Group receives a report from the share registrars monthly on substantial share interests showing the non-public float and it demonstrates continuing compliance with the 18.2% limit throughout the year. As at 31 March 2011, 75.62% (2010: 75.61%) of the shares were in public hands.

14. SHARE-BASED PAYMENTS

Equity-settled share option scheme

The Company operates a share option scheme (the "Share Option Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the development and growth of the Group and are invited at director's discretion. Eligible participants include full-time and part-time employees, executive directors, non-executive directors, suppliers, customers, advisors, consultants, agents, contractors, and shareholders of any member of the Company. The Share Option Scheme became effective on 19 November 2009 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

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

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

The offer of a grant of share options may be accepted within 28 days from the date of the offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period and ends on a date which is not later than ten years from the date of the offer of the share options or the expiry date of the Share Option Scheme, if earlier.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

15. EVENTS AFTER THE REPORTING PERIOD

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

On 23 March 2011, the Company entered into the Subscription Agreement with the share subscribers and convertible notes subscribers pursuant to which (i) the Company has conditionally agreed to issue to each share subscriber, and each share subscriber has conditionally agreed to subscribe for, the shares of the Company; and (ii) the Company has conditionally agreed to issue to each convertible notes subscriber, and each convertible notes subscriber has conditionally agreed to subscribe for, the convertible notes. The total shares of the Company to be subscribed by the share subscribers comprise 6,918,343,209 shares, representing approximately 299.8% of the entire issued share capital of the Company as at 31 March 2011.

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

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

(b) Conversion of convertible bonds

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

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Licensing of Software Business

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

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

Entertainment Business

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

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

FINANCIAL REVIEW

Overall performance

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

Segment results

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

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

Cost of sales and operating expenses

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

Income tax credit

The income tax credit was amounted to approximately HK\$268,000 for the year ended 31 March 2011, compared to a income tax credit of approximately HK\$101,000 for the previous financial year. The income tax credit is due to the reversal of deferred tax liabilities from AnyMusic.

LIQUIDITY AND FINANCIAL RESOURCES

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

At 31 March 2011, the Group's bank and cash balances decreased to approximately HK\$20,449,000 (2010: HK\$43,466,000). The balances consist of approximately 67% in Hong Kong dollars, 10% in Renminbi and 22% held in US dollars. The Renminbi denominated balances were placed with licensed banks in the PRC and the conversion of these balances into foreign currencies is subject to the rules and regulation of foreign exchange control promulgated by the PRC government. During the year ended 31 March 2011, the Group had net cash outflow of approximately HK\$45,641,000 for operating activities and approximately HK\$2,368,000 for investing activities and net cash inflow of approximately HK\$24,988,000 from financing activities. The decrease in bank and cash balance is mainly due to cash used in operating activities.

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

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Group's exposure to foreign currencies is limited to its investment in foreign subsidiaries, which are financed internally. At 31 March 2011, the Group has no outstanding foreign currency hedge contracts (2010: Nil).

CHARGE ON GROUP ASSETS

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

CAPITAL STRUCTURE

Details of the movements in share capital of the Company are set out in Note 13 to this announcement.

CONVERTIBLE BONDS AND OPTIONS

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

SUBSCRIPTION AGREEMENT

On 23 March 2011, the Company entered into a subscription agreement (the "Subscription Agreement") with certain share subscribers and convertible notes subscribers including a wholly-owned subsidiary of eSun Holdings Limited (*Note*). Pursuant to the Subscription Agreement (i) the Company has conditionally agreed to issue to each share subscriber, and each share subscriber has conditionally agreed to subscribe for shares of the Company (the "Share Subscription"); and (ii) the Company has conditionally agreed to issue to each convertible notes subscriber, and each convertible notes subscriber has conditionally agreed to subscribe for the convertible notes of the Company (the "Convertible Notes Subscription"). The total shares of the Company to be subscribed by the share subscribers comprise 6,918,343,209 shares, representing approximately 299.8% of the entire issued share capital of the Company as at 31 March 2011. The total subscription price payable for the subscription of shares of the Company is HK\$118,613,358 and total principal amount payable for the subscription of convertible notes is HK\$596,260,579. The net proceeds from the Share Subscription and the Convertible Notes Subscription are expected to be approximately HK\$693 million in aggregate. Details of the Subscription Agreement are set out in the circular of the Company dated 21 April 2011.

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

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

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

MATERIAL ACQUISITION/DISPOSAL AND SIGNIFICANT INVESTMENTS

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

CONTINGENT LIABILITIES

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

EMPLOYEE INFORMATION

At 31 March 2011, the Group had 16 (2010: 23) full-time employees in Hong Kong and Shenzhen. Staff costs, excluding Directors' emoluments, totalled HK\$9,239,000 (2010: HK\$3,270,000). The Group's remuneration policy is basically determined by the performance of individual employees. In general, salary review is conducted annually. Staff benefits, including medical coverage and provident funds, are also provided to employees.

PROSPECTS

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

CORPORATE GOVERNANCE

The Company applied the principles and complied with all the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 15 of the GEM Listing Rules throughout the year ended 31 March 2011, save for the following deviation:

Chairman and chief executive officer

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

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

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had also made specific enquiry of all Directors and the Company was not aware of any non-compliance with the required standard of dealings regarding securities transactions by Directors during the year ended 31 March 2011.

AUDIT COMMITTEE

The Company established an audit committee on 21 May 2001 with written terms of reference in compliance with the GEM Listing Rules. The audit committee has four members comprising the four independent non-executive Directors of the Company, namely Mr. Chan Chi Yuen, Mr. Zhang Xi, Mr. Yeung Wai Hung, Peter and Mr. Wong Kam Choi. The chairman of the audit committee is Mr. Chan Chi Yuen. The primary duties of the audit committee are to review the Company's annual report and accounts, half-yearly report and quarterly reports and to provide advices and comments thereon to the Board.

The audit committee reviewed the Group's audited results for the year ended 31 March 2011.

REMUNERATION COMMITTEE

The Company established a remuneration committee on 23 October 2006 with written terms of reference which deal clearly with its authority and duties, in accordance with the requirement of the Code contained in Appendix 15 of the GEM Listing Rules. The remuneration committee has four members comprising the four independent non-executive Directors of the Company, namely Mr. Chan Chi Yuen, Mr. Zhang Xi, Mr. Yeung Wai Hung, Peter and Mr. Wong Kam Choi. The chairman of the remuneration committee is Mr. Chan Chi Yuen. The principal responsibilities of the remuneration committee include formulating, reviewing and considering the remuneration policy and proposal prepared by the management of the Company and/or the remuneration arrangement implemented by the Company.

COMMUNICATION WITH SHAREHOLDERS

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

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2011.

By Order of the Board
Etsuko Hoshiyama
Executive Director

Hong Kong, 13 May 2011

As at the date of this announcement, the Board comprises three executive Directors, namely Ms. Etsuko Hoshiyama, Mr. Chan Chi Ming, Alvin and Mr. Luk Hong Man. Hammond; and four independent non-executive Directors, namely Mr. Chan Chi Yuen, Mr. Zhang Xi, Mr. Yeung Wai Hung, Peter and Mr. Wong Kam Choi.

This announcement will remain on the GEM website on the "Latest Company Announcements" page for at least 7 days after its posting and the website of the Company at www.rojam.com.