



**Stock Code: 8075**  
**Website: [www.rojam.com](http://www.rojam.com)**

## **RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2010**

### **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 2010 together with the comparative audited figures for the preceding year ended 31 March 2009 as set out below. The annual results have been reviewed by the audit committee.

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2010

	Note	2010 HK\$'000	2009 HK\$'000
<b>Continuing operations</b>			
<b>Turnover</b>	3	<b>1,914</b>	2,706
Cost of sales and services rendered		<u>(1,206)</u>	<u>(1,365)</u>
<b>Gross profit</b>		<b>708</b>	1,341
Other income	4	<b>166</b>	929
Selling expenses		<b>(76)</b>	(282)
Administrative expenses		<b>(13,387)</b>	(9,328)
Other operating expenses		<b>(7,364)</b>	(33,367)
<b>Loss before tax</b>		<b>(19,953)</b>	(40,707)
Income tax credit	6	<b>101</b>	1,155
<b>Loss for the year from continuing operations</b>	8	<b>(19,852)</b>	(39,552)
<b>Discontinued operations</b>			
Gain/(loss) for the year from discontinued operations	7	<b>2,932</b>	(8,270)
<b>Loss for the year attributable to owners of the Company</b>		<b>(16,920)</b>	(47,822)
<b>Other comprehensive income after tax:</b>			
Exchange differences on translating foreign operations		<b>47</b>	1,113
<b>Other comprehensive income for the year, net of tax</b>		<b>47</b>	1,113
<b>Total comprehensive income for the year attributable to owners of the Company</b>		<b>(16,873)</b>	(46,709)
<b>Basic loss per share</b>			
Loss from continuing and discontinued operations	9	<b>0.8 cents</b>	2.5 cents
Loss from continuing operations	9	<b>0.9 cents</b>	2.1 cents

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2010

	Note	2010 HK\$'000	2009 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		377	235
Goodwill		–	–
Other intangible assets		7,040	9,531
		<u>7,417</u>	<u>9,766</u>
<b>Current assets</b>			
Trade receivables	11	38	253
Prepayments, deposits and other receivables		5,835	6,079
Bank and cash balances		43,466	22,194
		<u>49,339</u>	<u>28,526</u>
<b>Current liabilities</b>			
Trade payables	12	2	7
Accruals and other payables		3,620	4,459
		<u>3,622</u>	<u>4,466</u>
<b>Net current assets</b>		<u>45,717</u>	<u>24,060</u>
<b>Total assets less current liabilities</b>		<u>53,134</u>	<u>33,826</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities		759	857
<b>NET ASSETS</b>		<u>52,375</u>	<u>32,969</u>
<b>Capital and reserves</b>			
Share capital	13	23,061	192,611
Reserves		29,314	(160,317)
Equity attributable to owners of the Company		52,375	32,294
Minority interests		–	675
<b>TOTAL EQUITY</b>		<u>52,375</u>	<u>32,969</u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2010

	Attributable to the owners of the Company							Total equity HK\$'000
	Share Capital HK\$'000	Share premium account HK\$'000	Contributed surplus HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Minority interests HK\$'000	
At 1 April 2008	192,611	2	-	3,669	(117,279)	79,003	675	79,678
Total comprehensive income for the year	-	-	-	1,113	(47,822)	(46,709)	-	(46,709)
Changes in equity for the year	-	-	-	1,113	(47,822)	(46,709)	-	(46,709)
At 31 March 2009	192,611	2	-	4,782	(165,101)	32,294	675	32,969
Total comprehensive income for the year	-	-	-	47	(16,920)	(16,873)	-	(16,873)
Issue of shares on placement (note 13 (a))	38,000	-	-	-	(842)	37,158	-	37,158
Capital reduction (note 13(b)(i), (iii))	(207,550)	-	207,550	-	-	-	-	-
Transfer (note 13(b)(iv))	-	-	(163,075)	-	163,075	-	-	-
Disposal of a subsidiary (note 15)	-	-	-	(204)	-	(204)	(675)	(879)
Changes in equity for the year	(169,550)	-	44,475	(157)	145,313	20,081	(675)	19,406
At 31 March 2010	23,061	2	44,475	4,625	(19,788)	52,375	-	52,375

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

*For the year ended 31 March 2010*

### **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 (the “HKICPA”) that are relevant to its operations and effective for its accounting year beginning on 1 April 2009. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current year and prior years except as stated below.

#### **(a) Presentation of Financial Statements**

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

#### **(b) Operating Segments**

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

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

### **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

During the year, the Group is engaged in the development and licensing of software and technology for use in connection with the provision of value-added telecommunication services in the People's Republic of China (the "PRC"). The Group's business in discotheque management ceased on 28 July 2008. The Group's turnover is as follows:

	<b>2010</b> <b>HK\$'000</b>	2009 HK\$'000
Licensing of software income	<b>1,914</b>	2,706
Discotheque income	<b>–</b>	8
	<b>1,914</b>	2,714
Representing:		
Continuing operations	<b>1,914</b>	2,706
Discontinued operations ( <i>note 7</i> )	<b>–</b>	8
	<b>1,914</b>	2,714

### 4. OTHER INCOME

	<b>2010</b> <b>HK\$'000</b>	2009 HK\$'000
Interest income	<b>113</b>	635
Sundry income	<b>53</b>	294
Gain on disposal of a subsidiary ( <i>note 15</i> )	<b>2,932</b>	–
	<b>3,098</b>	929
Representing:		
Continuing operations	<b>166</b>	929
Discontinued operations ( <i>note 7</i> )	<b>2,932</b>	–
	<b>3,098</b>	929

## 5. SEGMENT INFORMATION

### (a) Business segment information

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

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

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

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

\* The segment loss of the licensing of software and discotheque operation, excluding the impairment on goodwill, impairment and amortisation of the other intangible assets, are HK\$9,322,000 and HK\$8,270,000 respectively.

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

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

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

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

**(c) Information about major customers**

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

## 6. INCOME TAX CREDIT

	<b>2010</b> <b>HK\$'000</b>	2009 HK\$'000
Current tax – PRC taxation		
Provision for the year	–	–
Over-provision in prior years	–	–
	<u>–</u>	<u>–</u>
Deferred tax	<b>101</b>	1,155
	<b>101</b>	1,155
Representing:		
Continuing operations	<b>101</b>	1,155
Discontinued operations (note 7)	–	–
	<b>101</b>	1,155

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

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:

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

## 7. DISCONTINUED OPERATIONS

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

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

	<b>2010</b> <b>HK\$'000</b>	2009 HK\$'000
Loss of discontinued operations	–	(8,270)
Gain on disposal of discontinued operation (note 15)	<b>2,932</b>	–
	<b>2,932</b>	(8,270)

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

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

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

	<b>2010</b> <b>HK\$'000</b>	2009 HK\$'000
Operating cash flows	–	(13,961)
Investing cash flows	<b>(246)</b>	–
Financing cash flows	–	11,108
	<b>(246)</b>	(2,853)

(d) Expenses by nature for the discontinued operations:

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

## 8. EXPENSES BY NATURE – CONTINUING OPERATIONS

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

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

## 9. BASIC LOSS PER SHARE

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

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

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

## 10. DIVIDENDS

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

## 11. TRADE RECEIVABLES

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

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

	2010 HK\$'000	2009 HK\$'000
0-30 days	–	253
31 -90 days	–	–
91-180 days	7	–
181-365 days	<u>31</u>	<u>–</u>
	<u>38</u>	<u>253</u>

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

Reconciliation of the allowance for trade receivables:

	<b>2010</b> <b>HK\$'000</b>	2009 HK\$'000
At beginning of year	<b>4,040</b>	–
Impairment loss recognised	<b>765</b>	4,040
Exchange differences	<b>15</b>	–
	<hr/>	<hr/>
At end of year	<b>4,820</b>	4,040
	<hr/> <hr/>	<hr/> <hr/>

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

	<b>2010</b> <b>HK\$'000</b>	2009 HK\$'000
31 -90 days	–	–
91-180 days	<b>7</b>	–
Over 180 days	<b>31</b>	–
	<hr/>	<hr/>
	<b>38</b>	–
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## 12. TRADE PAYABLES

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

	<b>2010</b> <b>HK\$'000</b>	2009 HK\$'000
0 to 90 days	–	7
91 to 180 days	<b>2</b>	–
	<hr/>	<hr/>
	<b>2</b>	7
	<hr/> <hr/>	<hr/> <hr/>

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

### 13. SHARE CAPITAL

	Note	Number of Shares	Amount HK\$'000
Authorised:			
Ordinary shares of HK\$0.01 (2009: HK\$0.1) 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		<u>50,000,000,000</u>	<u>500,000</u>
Issued and fully paid:			
Ordinary shares of HK\$0.01 (2009: HK\$0.1) 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		<u>2,306,114,403</u>	<u>23,061</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 approximately 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 approximately HK\$163,075,000 in full on the date the Capital Reorganisation becoming effective.

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

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

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

The only externally imposed capital requirement is that for the Group to maintain its listing on the Stock Exchange it has to have a public float of at least 18.2% of its shares. The Group receives a report from the share registrars monthly on substantial share interests showing the non-public float and it demonstrates continuing compliance with the 18.2% limit throughout the year. As at 31 March 2010, 75.61% (2009: 25.66%) of the shares were in public hands.

## **14. SHARE-BASED PAYMENTS**

### **Equity-settled share option scheme**

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

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

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 and with an aggregate value (based on the price of the Company's shares at the date of the grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

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

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

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

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

## 15. DISPOSAL OF A SUBSIDIARY

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

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

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

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

## **16. EVENT AFTER THE REPORTING PERIOD**

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

- (i) a conditional convertible bonds subscription agreement whereby the Company conditionally agreed to issue and the Subscriber conditionally agreed to subscribe for the convertible bonds in the principal amount of HK\$25,000,000, and
- (ii) an options subscription agreement whereby the Company, in consideration of the option fee being HK\$2,500,000 which is payable by the Subscriber upon completion, conditionally agreed to grant to the Subscriber options to subscribe for 250,000,000 option shares at option price during the option period.

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

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

#### **Licence Income**

The Group is engaged in the development and licensing of software for use in connection with the provision of value-added telecommunication services in respect of the digital distribution of ringtones, games and media content to mobile phone users in the PRC through AnyMusic Limited ("AnyMusic"), an indirect wholly-owned subsidiary of the Group. Revenue from the licence income for the year ended 31 March 2010 amounted to approximately HK1.9 million.

#### **Discontinued Business**

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

### **FINANCIAL REVIEW**

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

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

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

## **LIQUIDITY AND FINANCIAL RESOURCES**

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

At 31 March 2010, the Group's cash and bank balances increased to approximately HK\$43,466,000 (2009: HK\$22,194,000) as a result of placing of new shares of the Company. The balances consist of approximately 77% in Hong Kong dollars, 13% in Renminbi and 10% held in US dollars. The Renminbi denominated balances were placed with licensed banks in the PRC and the conversion of these balances into foreign currencies is subject to the rules and regulation of foreign exchange control promulgated by the PRC government. During the year ended 31 March 2010, the Group has net cash outflow of approximately HK\$17,955,000 for operating activities and approximately HK\$455,000 for investing activities and net cash inflow of approximately HK\$39,658,000 from financing activities.

At 31 March 2010, the Group has no long-term borrowing, the same as for the past years. The gearing ratio of the Group, calculated as non-current liabilities to shareholders' funds, was 1.4% (2009: 2.7%).

## **EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES**

The Group's exposure to foreign currencies is limited to its investment in foreign subsidiaries, which are financed internally. At 31 March 2010, the Group has no outstanding foreign currency hedge contracts (2009: Nil).

## **CHARGE ON GROUP ASSETS**

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

## **CAPITAL STRUCTURE**

Details of the movements in share capital of the Company are set out in Note 13 to the consolidated financial statements.

## **RESTRUCTURING AND FUND RAISING ACTIVITIES**

### **Change of control and management**

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

### **Subscription for convertible bonds and options**

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

### **Placing of new shares**

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

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

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

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

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

## **MATERIAL ACQUISITION/DISPOSAL AND SIGNIFICANT INVESTMENTS**

On 16 November 2009, Rojam Investment, a wholly-owned subsidiary of the Company entered into a sales and purchase agreement with an independent third party whereby Rojam Investment agreed to dispose of its entire 90% equity interest in Shanghai Rojam.

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

## **CONTINGENT LIABILITIES**

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

## **EMPLOYEE INFORMATION**

At 31 March 2010, the Group had 23 (2009: 33) full-time employees in Hong Kong, Beijing and Shenzhen. Staff costs, excluding Directors' emoluments, totalled HK\$3,034,000 (2009: HK\$3,118,000). The Group's remuneration policy is basically determined by the performance of individual employees. In general, salary review is conducted annually. Staff benefits, including medical coverage and provident funds, are also provided to employees.

## **OUTLOOK**

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

In order to strengthen the financial position of the Group and facilitate exploring the business opportunities and any assets and/or business acquisitions, the Company had conducted fund raising activities during the year. In September 2009 the Company entered into the CB Subscription Agreement and the Options Subscription Agreement, which were completed in April 2010. The Company also placed new shares in October 2009. The net proceeds from the granting of the options and issue of the convertible bonds amounted to approximately HK\$26.8 million and if the options are exercised in full, the net proceeds is approximately HK\$12.4 million. The net proceeds from the placing of new shares amounted to approximately HK\$37.2 million.

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

## **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 2010.

## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had also made specific enquiry of all Directors and the Company was not aware of any non-compliance with the required standard of dealings regarding securities transactions by Directors during the year ended 31 March 2010.

## **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.

## **AUDIT COMMITTEE**

The Company established an audit committee on 21 May 2001 with written terms of reference in compliance with the GEM Listing Rules. The audit committee has four members comprising the four independent non-executive Directors of the Company, namely Mr. Chan Chi Yuen, Mr. Zhang Xi, Mr. Yeung Wai Hung, Peter and Mr. Wong Kam Choi (Mr. Wong Kam Choi was appointed on 14 April 2010). The chairman of the audit committee is Mr. Chan Chi Yuen. The primary duties of the audit committee are to review the Company's annual report and accounts, half-yearly report and quarterly reports and to provide advices and comments thereon to the Board.

The audit committee reviewed the Group's audited results for the year ended 31 March 2010.

## **REMUNERATION COMMITTEE**

The Company established a remuneration committee on 23 October 2006 with written terms of reference which deal clearly with its authority and duties, in accordance with the requirement of the Code contained in Appendix 15 of the GEM Listing Rules. The remuneration committee has four members comprising the four independent non-executive Directors of the Company, namely Mr. Chan Chi Yuen, Mr. Zhang Xi, Mr. Yeung Wai Hung, Peter and Mr. Wong Kam Choi (Mr. Wong Kam Choi was appointed on 14 April 2010). The chairman of the remuneration committee is Mr. Chan Chi Yuen. The principal responsibilities of the remuneration committee include formulating, reviewing and considering the remuneration policy and proposal prepared by the management of the Company and/or the remuneration arrangement implemented by the Company.

## **COMMUNICATION WITH SHAREHOLDERS**

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

## **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 2010.

By Order of the Board  
**Etsuko Hoshiyama**  
Executive Director

Hong Kong, 18 June 2010

*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](http://www.rojam.com).*