ROJAM ENTERTAINMENT HOLDINGS LIMITED

Incorporated in the Cayman Islands with limited liability

Stock Code: 8075

Website: www.rojam.com

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2008

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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 Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (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: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

Acquisition of AnyMusic Limited

The acquisition of the entire equity interests in AnyMusic Limited ("AnyMusic") was completed on 31 October 2007. AnyMusic is principally engaged in the development and licensing of software and technology for use in connection with the provision of value-added telecommunication services such as the distribution of digital content to mobile phone users. It has entered into contracts with two telecommunication service providers who possess the PRC Value-added Telecommunication Operation Licenses to conduct value-added telecommunication business in the PRC. These telecommunication service providers have established cooperative arrangement with leading telecommunications operators in the PRC, including China Mobile and China Unicom. The management believes that the acquisition of AnyMusic will allow the Group to establish its digital distribution business in the PRC, thereby diversifying the Group's revenue base and generate synergies for the Group in the future.

Closure of Shanghai Rojam Disco

Due to the intense market competition in Shanghai and the expected renovation of the building within which the discotheque is located by the landlord, the Directors anticipate that these would continue to have a negative impact on the operations of the Rojam Disco in Shanghai, therefore the Board came to the commercial decision to discontinue this business in December 2007. The Directors anticipate that the closure of the loss-making discotheque in Shanghai will free the Group's resources for profitable business.

Set up of Taiwan Branch

On 30 January 2007, Rojam Entertainment Limited ("REL"), a wholly-owned subsidiary of the Group, entered into a conditional Licensing Agreement with Yoshimoto R and C Co., Ltd. (formerly known as R and C Ltd.) ("R&C") pursuant to which R&C granted REL an exclusive licence to use and distribute the R&C content in digital form through mobile phone, the Internet and other digital media in the PRC, Hong Kong and Taiwan. REL pays to R&C royalties of 30% of the net sales revenue earned by REL from the distribution of the R&C Content after subtracting all the external costs including, without limitation, all withholding tax, VAT and sales tax and charges payable to telecommunications providers. In this respect, the Group has set up the Taiwan Branch of REL on 31 March 2008 to explore new business opportunities in Taiwan, which if executed successfully, have the potential to create new growth drivers for the Group over the coming years.

OUTLOOK

Looking forward, the Group will continue to improve its operational and management capabilities. Strategically, the Group will also speed up its business transformation and actively pursue business opportunities that will allow it to expand its entertainment and digital distribution business in Asia.

The Board composition was adjusted during the year under review to cope with the Asian business. Mr. Kefei Wang, Mr. Etsuro Tojo, Ms. Etsuko Hoshiyama and Mr. Hiroshige Tonomura have been appointed as executive directors of the Company and Mr. Osamu Nagashima, Mr. Tetsuo Mori, Mr. Hiroshi Osaki, Mr. Mitsuo Sakauchi and Mr. Yukitsugu Shimizu have resigned from the Board. The appointment of new directors enhanced the decision-making and supervision capabilities of the Board and improved the Group's level of corporate governance.

Lastly, on behalf of the board of Directors, I wish to take this opportunity to extend my sincere gratitude to our customers, shareholders and business partners for their continuous and valuable support. I would also like to express my heartfelt appreciations to all our dedicated management team and committed staff for their hard work and efforts over the year.

Hidenori Nakai
Chairman

Hong Kong, 26 June 2008

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 2008 together with the comparative audited figures for the preceding year ended 31 March 2007 as set out below. The annual results have been reviewed by the audit committee.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2008

	Note	**2008** ***HK$'000***	2007 *HK$'000*
Continuing operations			
Turnover	*3*	**6,677**	11,860
Cost of sales and service rendered		**(18,825)**	(12,925)
Gross loss		**(12,148)**	(1,065)
Other income	*4*	**5,769**	3,201
Selling expenses		**(226)**	–
Administrative expenses		**(13,267)**	(13,581)
Other operating expenses		**(42,923)**	–
Loss before tax		**(62,795)**	(11,445)
Income tax expense	*6*	**(410)**	(14)
Loss for the year from continuing operations		**(63,205)**	(11,459)
Discontinued operations			
Loss for the year from discontinued operations		**–**	(56,790)
Loss for the year	*7*	**(63,205)**	(68,249)
Attributable to:			
Equity holders of the Company		**(63,205)**	(68,249)
Basic loss per share			
Loss from continuing and discontinued operations	*8*	**3.3 cents**	3.6 cents
Loss from continuing operations	*8*	**3.3 cents**	0.6 cents

CONSOLIDATED BALANCE SHEET

At 31 March 2008

	Note	2008 HK$'000	2007 HK$'000
Non-current assets			
Property, plant and equipment		**500**	8,070
Goodwill		**17,571**	23,519
Other intangible assets		**16,359**	–
Deferred tax assets		**–**	537
		34,430	32,126
Current assets			
Inventories		**17**	117
Trade receivables	10	**5,308**	–
Prepayments, deposits and other receivables		**9,154**	1,334
Due from a shareholder		**–**	112,076
Bank and cash balances		**44,147**	234,894
		58,626	348,421
Current liabilities			
Trade payables	11	**231**	118
Accruals and other payables		**11,178**	13,615
		11,409	13,733
Net current assets		**47,217**	334,688
Total assets less current liabilities		**81,647**	366,814
Non-current liabilities			
Deferred tax liabilities		**1,969**	–
		1,969	–
NET ASSETS		**79,678**	366,814
Capital and reserves			
Share capital	12	**192,611**	192,611
Reserves		**(113,608)**	173,528
Equity attributable to equity holders of the Company		**79,003**	366,139
Minority interests		**675**	675
TOTAL EQUITY		**79,678**	366,814

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2008

	Attributable to equity holders of the Company						
	Share capital *HK$'000*	**Share premium account** *HK$'000*	**Exchange reserve** *HK$'000*	**Retained profits/ (accumulated losses)** *HK$'000*	**Total** *HK$'000*	**Minority interests** *HK$'000*	**Total equity** *HK$'000*
At 1 April 2006	155,468	148,329	(18,212)	14,175	299,760	675	300,435
Share issue expenses	–	(903)	–	–	(903)	–	(903)
Exchange adjustment on translation of financial statements of overseas subsidiaries	–	–	2,765	–	2,765	–	2,765
Net income recognised directly in equity	–	(903)	2,765	–	1,862	–	1,862
Loss for the year	–	–	–	(68,249)	(68,249)	–	(68,249)
Total recognised income and expense for the year	–	(903)	2,765	(68,249)	(66,387)	–	(66,387)
Issue of shares	37,143	79,857	–	–	117,000	–	117,000
Exchange differences realised upon disposal of subsidiaries	–	–	15,766	–	15,766	–	15,766
	37,143	79,857	15,766	–	132,766	–	132,766
At 31 March 2007 and 1 April 2007	192,611	227,283	319	(54,074)	366,139	675	366,814
Exchange adjustment on translation of financial statements of overseas subsidiaries	–	–	3,350	–	3,350	–	3,350
Net income recognised directly in equity	–	–	3,350	–	3,350	–	3,350
Loss for the year	–	–	–	(63,205)	(63,205)	–	(63,205)
Total recognised income and expense for the year	–	–	3,350	(63,205)	(59,855)	–	(59,855)
2007 special dividend paid	–	(227,281)	–	–	(227,281)	–	(227,281)
At 31 March 2008	192,611	2	3,669	(117,279)	79,003	675	79,678

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2008

1. 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 2007. 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 substantial changes to the Group's accounting polices and amounts reported for the current year and prior years.

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 Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (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 represents record production and distribution, music production, digital distribution, discotheque income and licensing of software income. The businesses in record production and distribution, music production and digital distribution are disposed of on 31 March 2007. The Group's turnover is as follows:

	2008	2007
	HK$'000	*HK$'000*
Turnover		
Continuing operations		
Discotheque income	**5,010**	11,860
Licensing of software income	**1,667**	–
	6,677	11,860
Discontinued operations		
Record production and distribution income	**–**	502,570
Digital distribution income	**–**	7,094
Music production income	**–**	1,219
Others	**–**	1,839
	–	512,722
	6,677	524,582

4. OTHER INCOME

	2008	2007
	HK$'000	*HK$'000*
Continuing operations		
Interest income	**4,976**	1,990
Gain from trading of financial assets	**419**	–
Net foreign exchange gain	**–**	1,211
Sundry income	**374**	–
	5,769	3,201
Discontinued operations		
Interest income	**–**	36
	5,769	3,237

5. SEGMENT INFORMATION

Primary reporting format – business segments

The Group is organised into the following main business segments:

Discotheque	–	operations of discotheque
Licensing of software	–	development and licensing of software and technology for use in connection with the provision of value added telecommunication services
Record production and distribution	–	producing and distributing records and audio-visual products under its own labels and records containing master sound recordings which have been licensed from third parties (discontinued on 31 March 2007)
Digital distribution	–	production and provision of digital entertainment content through multi-media platforms such as internet, mobile phones and other digital media (discontinued on 31 March 2007)
Music production	–	provision of encompassing producer services, master tape recordings, mixing services, re-mixing services, arranging services and advisory services in respect of selection of songs for records production (discontinued on 31 March 2007)
Others	–	mainly includes music publishing, event management and merchandise sales (discontinued on 31 March 2007)

For the year ended 31 March 2007, the Group's inter-segment transactions mainly consist of record production and distribution and music production between subsidiaries. The transactions were entered into on terms similar to those with independent third parties and were eliminated on consolidation. Unallocated (costs)/income represent corporate (expenses)/income.

Segment assets consist primarily of property, plant and equipment, goodwill, other intangible assets, inventories, receivables and operating cash. They exclude deferred tax assets and available-for-sale investments and cash and cash equivalents held by corporate office for general working capital purpose.

Segment liabilities comprise operating liabilities and exclude items such as current tax liabilities and deferred tax liabilities.

Capital expenditure comprises additions to property, plant and equipment and other intangible assets.

The segment results and capital expenditure and other segment items of the Group's continuing operations for the year then ended 31 March 2008 and segment assets and liabilities of the Group's continuing operations at 31 March 2008 are as follows:

	Discotheque *HK$'000*	**Licensing of software** *HK$'000*	**Total** *HK$'000*
Turnover			
External sales	**5,010**	**1,667**	**6,677**
Inter-segment sales	**–**	**–**	**–**
Total	**5,010**	**1,667**	**6,677**
Segment results	**(31,368)**	**(167)**	**(31,535)**
Other income			**5,769**
Unallocated corporate expense			**(37,029)**
Loss before tax			**(62,795)**
Income tax expense			**(410)**
Loss for the year			**(63,205)**
Segment assets	**4,434**	**57,207**	**61,641**
Unallocated corporate assets			**31,415**
Total assets			**93,056**
Segment liabilities	**(9,638)**	**(538)**	**(10,176)**
Unallocated corporate liabilities			**(3,202)**
Total liabilities			**(13,378)**
Capital expenditure	**4,162**	**–**	**4,162**
Impairment on goodwill recognised in income statement	**23,519**	**–**	**23,519**
Impairment on other intangible assets	**–**	**710**	**710**
Amortisation of other intangible assets	**–**	**1,428**	**1,428**
Write down of inventories	**103**	**–**	**103**
Impairment on property, plant and equipment	**7,181**	**–**	**7,181**
Depreciation	**1,988**	**110**	**2,098**
Unallocated corporate depreciation			**22**
			2,120

The segment results and capital expenditure and other segment items for the year then ended 31 March 2007 and segment assets and liabilities at 31 March 2007 are as follows:

	Discontinued operations						Continuing operations	Total
	Record production and distribution *HK$'000*	Digital distribution *HK$'000*	Music production *HK$'000*	Others *HK$'000*	Elimination *HK$'000*	Sub-total *HK$'000*	Discotheque *HK$'000*	Total *HK$'000*
Turnover								
External sales	502,570	7,094	1,219	1,839	–	512,722	11,860	524,582
Inter-segment sales	12	–	–	–	(12)	–	–	–
Total	502,582	7,094	1,219	1,839	(12)	512,722	11,860	524,582
Segment results	59,586	902	155	1,838	–	62,481	(1,658)	60,823
Other income								2,026
Unallocated corporate expense								(20,248)
Profit before tax								42,601
Income tax expense								(82,428)
Loss on disposal of a discontinued operation, net of tax								(28,422)
Loss for the year								(68,249)
Segment assets	–	–	–	–	–	–	39,931	39,931
Unallocated corporate assets								340,616
Total assets								380,547
Segment liabilities	–	–	–	–	–	–	(9,426)	(9,426)
Unallocated corporate liabilities								(4,307)
Total liabilities								(13,733)
Impairment on trade receivables	115	–	–	–	–	115	–	115
Capital expenditure	129,947	–	–	–	–	129,947	5,890	135,837
Amortisation of other intangible assets	49,023	–	–	–	–	49,023	–	49,023
Impairment on other intangible assets	13,346	–	–	–	–	13,346	–	13,346
Impairment on available-for-sale financial assets	–	–	–	4,370	–	4,370	–	4,370
Write down of inventories	12,922	–	–	–	–	12,922	–	12,922
Depreciation	4,140	–	–	–	–	4,140	659	4,799
Unallocated corporate depreciation								26
								4,825

Secondary reporting format – geographical segments

For the year ended 31 March 2008, all the Group's revenue and assets are derived from customers and operations based in the PRC and accordingly, no further analysis of the Group's geographical segments is disclosed.

For the year ended 31 March 2007, the Group operate in two main geographical areas:

Japan – record production and distribution, digital distribution and music production

The PRC – operations of discotheque

	Turnover *HK$'000*	Segment assets *HK$'000*	Capital expenditure *HK$'000*
Continuing operations			
The PRC	11,860	39,931	5,890
Discontinued operations			
Japan	512,722	–	129,947
	524,582	39,931	135,837
Unallocated corporate assets		340,616	
Total assets		380,547	

There are no sales or other transactions between the geographical segments.

6. INCOME TAX EXPENSE

	2008 HK$'000	2007 HK$'000
Current tax – PRC taxation		
Provision for the year	–	–
(Over)/under-provision in prior years	(11)	14
	(11)	14
Current tax – Japanese corporation income tax		
Provision for the year	–	34,917
Under-provision in prior years	–	659
	–	35,576
Deferred tax	421	46,838
	410	82,428
Representing:		
Continuing operations	410	14
Discontinued operations	–	82,414
	410	82,428

(i) No provision for Hong Kong Profits Tax has been made as the Company and its subsidiaries in Hong Kong have no assessable profits for the year (2007: Nil).

(ii) PRC Enterprise Income Tax

In accordance with the relevant PRC income tax laws and regulations, the applicable PRC Enterprise Income Tax ("EIT") rates of the Company's subsidiaries are as follows:

(a) AnyMusic Limited ("AnyMusic")

AnyMusic is a foreign investment enterprise established in Shenzhen with the applicable tax rate at 15%. According to certificate issued by the Shenzhen Bureau of Science and Information Technology, AnyMusic is accredited at a High-Tech Enterprise. Pursuant to an approval from the Shenzhen State Tax Bureau on 9 July 2004, AnyMusic, being a High-tech Enterprise, is exempted from the EIT for two years starting from the first year of profitable operations after offsetting prior year's tax losses, followed by a 50% reduction in EIT rate for the next eight years.

(b) Shanghai Rojam Entertainment Company Limited ("Shanghai Rojam")

Shanghai Rojam is a foreign cooperative joint venture company established in Shanghai with the applicable tax rate at 15%.

The tax on the Group's (loss)/profit before income tax differs from the theoretical amount that would arise using the tax rate of Hong Kong as follows:

	2008	2007
	HK$'000	*HK$'000*
(Loss)/ profit before income tax	**(62,795)**	42,601
Calculated at a taxation rate of 17.5% (2007: 17.5%)	**(10,989)**	7,455
Effect of different taxation rates in other countries	**(2,283)**	12,917
Income not subject to taxation	**(803)**	(1,099)
Expenses not deductible for taxation purposes	**13,547**	4,808
Tax losses not recognised	**949**	16
(Over)/under-provision in prior year	**(11)**	673
Deferred tax arising from temporary difference	**–**	57,658
Income tax expense	**410**	82,428

The new PRC enterprise income tax law ("New Tax Law") passed by the Tenth National People's Congress on 16 March 2007 introduces various changes which include the unification of the enterprise income tax rate for domestic and foreign enterprises at 25%. The New Tax Law is effective from 1 January 2008. On 26 December 2007, the State Council announced the detailed measures and regulations of the New Tax Law ("Implementation Rules"). The Implementation Rules ratcheted the PRC enterprise income tax rate from 15% or 24% to 25% over five years for grandfathering of incentives for enterprise incorporated in the PRC before 16 March 2007.

7. LOSS FOR THE YEAR

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

	2008	2007
	HK$'000	*HK$'000*
Amortisation of other intangible assets (included in other operating expenses)	**1,428**	–
Depreciation	**2,120**	685
Loss on disposals of property, plant and equipment	**3,628**	–
Operating lease charges on land and buildings	**5,556**	4,163
Auditors' remuneration	**632**	3,510
Cost of inventories sold	**1,334**	2,234
Allowance for inventories	**103**	–
Impairment on goodwill (included in other operating expenses)	**23,519**	–
Impairment on other intangible assets (included in other operating expenses)	**710**	–
Impairment on property, plant and equipment (included in other operating expenses)	**7,181**	–
Staff costs excluding directors' emoluments		
Wages and salaries	**3,236**	5,124
Social security costs	**160**	60
Pension costs – defined contribution plans	**68**	196
	3,464	5,380

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

	2008	2007
	HK$'000	*HK$'000*
Amortisation of other intangible assets	**–**	49,023
Depreciation	**–**	4,140
Operating lease charges on land and buildings	**–**	2,752
Auditors' remuneration	**–**	1,500
Cost of inventories sold	**–**	249,255
Write down of inventories	**–**	12,922
Impairment on other intangible assets	**–**	13,346
Impairment on available-for-sale financial asset	**–**	4,370
Impairment on trade receivables	**–**	115
Staff costs excluding directors' emoluments	**–**	24,844

8. BASIC LOSS PER SHARE

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

	2008	2007
Continuing operations		
Loss attributable to equity holders of the Company (HK$'000)	**63,205**	11,459
Weighted average number of ordinary shares in issue (thousands)	**1,926,114**	1,870,145
Basic loss per share (HK cents per share)	**3.3**	0.6
Discontinued operations		
Loss attributable to equity holders of the Company (HK$'000)	**N/A**	56,790
Weighted average number of ordinary shares in issue (thousands)	**N/A**	1,870,145
Basic loss per share (HK cents per share)	**N/A**	3.0
Total		
Loss attributable to equity holders of the Company (HK$'000)	**63,205**	68,249
Weighted average number of ordinary shares in issue (thousands)	**1,926,114**	1,870,145
Basic loss per share (HK cents per share)	**3.3**	3.6

There were no dilutive potential ordinary shares during the years ended 31 March 2008 and 2007.

9. DIVIDENDS

	2008	2007
	HK$'000	*HK$'000*
Special dividend of 11.8 HK cents per ordinary share	**–**	227,281

The Board does not recommend the payment of any dividend for the year ended 31 March 2008.

A special dividend in respect of the year ended 31 March 2007 of 11.8 HK cents per share, amounting to a total dividend of HK$227,281,000 was approved at the extraordinary general meeting on 30 May 2007.

10. TRADE RECEIVABLES

The Group's trading terms with customers from licensing operation are mainly on credit, the credit term is 30 days.

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

	Group	
	2008	2007
	HK$'000	*HK$'000*
0 – 30 days	**1,566**	–
31 – 90 days	**93**	–
91 – 180 days	**218**	–
181 – 365 days	**540**	–
Over 1 year	**2,891**	–
	5,308	–

The trade receivables are denominated in Renminbi, which is the functional currency of the operating subsidiary.

As of 31 March 2008, trade receivables of HK$3,742,000 (2007: Nil) were past due but not impaired. These relate to two independent customers that have a good repayment history with the Group. Base on past experience, the directors considered that no impairment is necessary in respect of these balances. The ageing analysis of these trade receivables is as follows:

	Group	
	2008	2007
	HK$'000	*HK$'000*
31 – 90 days	**93**	–
91 – 180 days	**218**	–
Over 180 days	**3,431**	–
	3,742	–

11. TRADE PAYABLES

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

	Group	
	2008	2007
	HK$'000	*HK$'000*
0 to 90 days	**231**	118

12. SHARE CAPITAL

		Number of Shares	**Amount**
			HK$'000
Authorised:			
Ordinary shares of HK$0.1 (2007: HK$0.1) each			
At 1 April 2006, 31 March 2007 and 31 March 2008		5,000,000,000	500,000
Issued and fully paid:			
Ordinary shares of HK$0.1 (2007: HK$0.1) each			
At 1 April 2006		1,554,684,403	155,468
Issue of new shares	*(Note)*	371,430,000	37,143
At 31 March 2007 and 2008		1,926,114,403	192,611

Note On 18 April 2006, the Company entered into an agreement ("Subscription Agreement") with Yoshimoto Fandango Co., Ltd. ("Fandango", formerly known as Fandango, Inc.), a shareholder, whereby Fandango subscribed for 371,430,000 new shares ("Subscription Shares") of the Company at HK$0.315 per share (the "Subscription"). The aggregate subscription price for the Subscription Shares was approximately HK$117 million, which was settled in cash upon completion of the Subscription. The Subscription Shares ranked, when fully paid and issued, pari passu in all respects with the existing issued shares. The net proceeds of the Subscription would applied towards the Group's future investment in entertainment related projects, other potential investments and the general working capital of the Group as thought fit by the Directors for such purposes. The ordinary resolution in relation to the Subscription was passed by the independent shareholders on 22 May 2006 and the Subscription was completed on 25 May 2006.

13. ACQUISITION OF A SUBSIDIARY – ANYMUSIC

On 4 September 2007, Rojam Entertainment Limited, a wholly-owned subsidiary of the Group entered into a conditional Sale and Purchase Agreement with a shareholder of the Company, Faith, Inc. to acquire the entire issued capital of AnyMusic for a cash consideration of JPY700,000,000 equivalent to HK$47,916,000. AnyMusic was engaged in the development and licensing of software and technology for use in connection with the provision of value-added telecommunication services in the PRC during the year. This transaction constitutes a connected transaction for the Company under the GEM Listing Rules and the details are included in the circular of the Company dated 27 September 2007. The transaction was completed on 31 October 2007.

The net assets acquired in the transaction and the goodwill arising are as follows:

	Carrying amount	**Fair value**
	HK$'000	*HK$'000*
Property, plant and equipment	534	534
Other intangible assets	562	17,468
Trade receivables	6,300	6,300
Prepayments, deposits and other receivables	7,517	7,517
Bank and cash balances	7,242	7,242
Trade and other payables	(552)	(552)
Deferred tax liabilities	(799)	(799)#
		37,710
Goodwill		16,485
Less: Recognition of deferred tax liabilities on business combination		(1,200)#
Satisfied by:		
Cash		52,995*
Net cash outflow arising on acquisition:		
Cash consideration paid		(52,995)
Cash and cash equivalents acquired		7,242
		(45,753)

* Including professional fees of HK$5,079,000 directly attributable to the business combination.

\# Total deferred tax liabilities arising from the acquisition of AnyMusic amounted to HK$1,999,000.

FINANCIAL REVIEW

	Fourth Quarter (Jan to Mar 2008) HK$'M	Third Quarter (Oct to Dec 2007) HK$'M	Second Quarter (Jul to Sep 2007) HK$'M	First Quarter (Apr to Jun 2007) HK$'M	Total HK$'M
Turnover	0.9	2.2	1.5	2.1	6.7
Cost of sales	(3.5)	(5.3)	(4.7)	(5.3)	(18.8)
Gross loss	(2.6)	(3.1)	(3.2)	(3.2)	(12.1)
Operating expenditures*	(43.1)	(6.7)	(2.7)	(4.0)	(56.5)
Other revenue	0.8	1.0	1.2	2.8	5.8
Loss before income tax	(44.9)	(8.8)	(4.7)	(4.4)	(62.8)
Income tax expenses	(0.4)	–	–	–	(0.4)
Loss attributable to the equity holders	(45.3)	(8.8)	(4.7)	(4.4)	(63.2)

* *Selling & distribution expenses, other operating expenses and other loss, net*

Sales by Business Segments

	Fourth Quarter (Jan to Mar 2008)		Third Quarter (Oct to Dec 2007)		Second Quarter (Jul to Sept 2007)		First Quarter (Apr to Jun 2007)		Total	
	HK$'M	%	HK$'M	%	HK$'M	%	HK$'M	%	HK$'M	%
Discotheque	0.1	11	1.3	59	1.5	100	2.1	100	5.0	75
Licensing of sofware income	0.8	89	0.9	41	–	–	–	–	1.7	25
Group total	0.9	100	2.2	100	1.5	100	2.1	100	6.7	100

Overall performance

The Group has recorded turnover of approximately HK$6.7 million, a 44% decrease from turnover from the continuing operations of approximately HK$11.9 million in the previous financial year. The Group recorded loss before income tax of approximately HK$62.8 million for the year ended 31 March 2008 compared to loss before income tax of the continuing operations of approximately HK$11.4 million for the year ended 31 March 2007. Loss attributable to equity holders for the year was approximately HK$63.2 million, compared to loss attributable to equity holders of the continuing operations and discontinued operations of approximately HK$68.2 million in the previous financial year.

Segment results

The revenue generated from the discotheque business was approximately HK$5.0 million, being a 58% decline from approximately HK$11.9 million of the last financial year. Segment loss amounted to approximately HK$31.4 million, compared to loss of approximately HK$1.7 million in the last financial year. The increase in the segment loss was due to the cessation of the Rojam Disco in Shanghai during the financial year and impairment on fixed assets in Suzhou.

The licensing of software income from AnyMusic, a new income source for the year under review, was approximately HK$1.7 million. Segment loss was approximately HK$0.2 million.

Cost of sales and operating expenses

Cost of sales increased by 46% to approximately HK$18.9 million, compared to the cost of sales of the continuing operations of approximately HK$12.9 million in the last financial year. The operating expenses increased to approximately HK$56.4 million from approximately HK$13.6 million of the operating expenses of the continuing operations in the last financial year, as a result of the cessation of Rojam Disco in Shanghai and impairment on assets in Suzhou.

Income tax expenses

The income tax expenses increased to approximately HK$0.4 million for the year ended 31 March 2008, compared to the income tax expenses of the continuing operations of approximately HK$0.01 million for the previous financial year. The increase is due to the deferred tax liabilities of AnyMusic.

LIQUIDITY AND FINANCIAL RESOURCES

At 31 March 2008, the Group's shareholders' funds decreased by approximately 78% to approximately HK$79.7 million as compared to approximately HK$366.8 million as at 31 March 2007. The decrease in the shareholders' fund is mainly due to the payment of a special dividend. Total assets amounted to approximately HK$93.1 million (2007: HK$380.5 million), of which current assets amounted to approximately HK$58.6 million (2007: HK$348.4 million). At 31 March 2008, the Group had current liabilities and minority interest of approximately HK$11.4 million (2007: HK$13.7 million) and HK$0.7 million (2007: HK$0.7 million) respectively. Net asset value per share was approximately HK$0.04 (2007: HK$0.19). Current ratio was approximately 5.1 (2007: 25.4).

The Group financed its operations with internally generated cash flows. At 31 March 2008, cash and bank balances decreased to approximately HK$44.1 million (2007: HK$234.9 million), which consists of approximately 23% in Hong Kong dollars, 31% in Renminbi and 46% 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 2008, the Group used approximately HK$32.2 million in its operating activities and approximately HK$44.8 million in its investing activities. The decrease in cash and bank balance is mainly due to the payment of a special dividend and the acquisition of AnyMusic.

At 31 March 2008, 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 2.5% (2007: NIL).

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Group has certain exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in Hong Kong dollars, United States dollars and Japanese Yen, which are not the functional currencies of the companies comprising the Group. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise. At 31 March 2008, the Group has no outstanding foreign currency hedge contracts (2007: Nil).

CHARGE ON GROUP ASSETS

At 31 March 2008, the Group did not have any charge on its assets (2007: Nil).

MATERIAL ACQUISITION/ DISPOSAL AND SIGNIFICANT INVESTMENTS

On 31 October 2007, REL, a wholly-owned subsidiary of the Group, acquired the entire issued capital of AnyMusic ("the Acquisition"), at an aggregate consideration of JPY700,000,000 (equivalent to HK$47,916,000). The new subsidiary is principally 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 PRC. The Acquisition constitutes a major connected transaction for the Company under the GEM Listing Rules and is subject to the approval of the independent shareholders of the Company. Details of the Acquisition are set out in the announcement of the Company dated 6 September 2007 and the circular of the Company dated 27 September 2007. The Acquisition was approved by the independent shareholders on 15 October 2007 and was completed on 31 October 2007.

Other than the above, the Group had no other material acquisitions or disposals of subsidiaries during the year ended 31 March 2008.

The Group will continue to consolidate its existing business while exploring new business opportunities that will complement and enhance its existing business. As at 31 March 2008, the Group was considering various investment projects and options but had not made any solid plan for pursuing the same.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities at 31 March 2008 (2007: Nil).

EMPLOYEE INFORMATION

At 31 March 2008, the Group had 44 (2007: 73 for the continuing operations) full-time employees in Hong Kong, Beijing, Shenzhen, Shanghai and Suzhou. Staff costs (continuing operations), excluding Directors' emoluments, totalled HK$3.5 million (2007: HK$5.4 million). 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.

OPERATIONS REVIEW

Discotheque business

The discotheque business reported revenue of approximately HK$5.0 million with a segment loss of approximately HK$31.4 million, compared to a revenue of approximately HK$11.9 million and a segment loss of approximately HK$1.7 million in previous year. The decrease in revenue was mainly attributable to the drop of admission income, the termination of the operations of Rojam Disco in Shanghai and impairment on fixed assets in Suzhou. The discotheque income accounted for approximately 75% of the total turnover of the Group for the year ended 31 March 2008.

Due to the significant negative impacts to the turnover brought by the fierce market competition, the limited prospects, the expected renovation of the building within which the Shanghai discotheque is located by the landlord, and the increasing drop of admission income of the Rojam Disco in Shanghai, the Company therefore determined to terminate the operations of the Rojam Disco on 24 December 2007. The Directors anticipate that the closure of the loss-making discotheque in Shanghai will free the Company's resources for profitable business. Going forward, the Group will actively pursue business opportunities that will allow it to expand its entertainment and digital distribution of music related businesses in Asia.

The Rojam Club in Suzhou, was soft-opened in April 2007 and formally opened in August 2007. The Rojam Club in Suzhou did not contribute any significant revenue to the Group for the year ended 31 March 2008.

Licensing of software income from AnyMusic

The Company acquired a business of digital distribution of music, Anymusic, on 31 October 2007. This newly acquired business provides the new income source for the Group from the third quarter of the current fiscal year. Revenue from the licensing of software amounted to approximately HK$1.7 million and segment loss amounted to approximately HK$0.2 million for the year ended 31 March 2008. The revenue from the licensing of software accounted for approximately 25% of the total turnover of the Group for the year ended 31 March 2008.

AnyMusic is principally 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 PRC. AnyMusic has entered into contracts with two telecommunication service providers who possess Value-added Telecommunication Operation Licenses to conduct value-added telecommunication business, such as the distribution of digital content to mobile phone users, in the PRC. These service providers have established cooperative arrangements with leading telecommunications operators in the PRC, such as China Mobile and China Unicom. Pursuant to the contracts between AnyMusic and the telecommunication service providers, AnyMusic licenses its software to the service providers which they use for their digital content distribution businesses. In return, AnyMusic is entitled to a specified percentage of the revenue generated by the telecommunication service providers, which percentage is negotiated between the parties based on the existing market conditions when the contracts are renewed.

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 2008.

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 2008.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

On 13 December 2007, Mr. Wang Kefei was appointed as the Chief Executive Officer and the capacity of Mr. Takeyasu Hashizume was changed from the President to the Chairman. Prior to Mr. Wang's appointment, Mr. Hashizume had been the President of the Company and was responsible for managing the board and overall business management of the Group. After Mr. Wang's appointment, the duties of the Chairman and the Chief Executive Officer have been segregated. The Chairman is responsible for the overall management and strategic planning of the Group while the Chief Executive Officer is responsible for the management of the daily operations of the Group and the execution of the Board decisions.

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 three members comprising the three independent non-executive Directors of the Company, namely Mr. Seiichi Nakaoda, Mr. Kwong Pui Kei and Mr. Law Kar Ping (Mr. Law Kar Ping resigned and Mr. Chan Hing Keung, Wilson was appointed as a member of the audit committee with effect from 1 May 2008). 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 has reviewed the Group's audited results for the year ended 31 March 2008.

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 on Corporate Governance Practices (the "Code") contained in Appendix 15 of the GEM Listing Rules. The remuneration committee has three members comprising the three independent non-executive Directors of the Company, namely Mr. Seiichi Nakaoda, Mr. Kwong Pui Kei and Mr. Law Kar Ping (Mr. Law Kar Ping resigned and Mr. Chan Hing Keung, Wilson was appointed as a member of the remuneration committee with effect from 1 May 2008). 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.

NOMINATION OF DIRECTORS

The Board is responsible for considering the suitability of an individual to act as a Director, and approving and terminating the appointment of a Director. The company has not established a nomination committee. The Company currently does not have any plans to set up the nomination committee considering small size of the Board.

According to the articles of association of the Company, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not greater than one-third) shall retire from office by rotation, but the chairman of the Board and/or the managing Director shall not, whilst holding such office, be subject to retirement by rotation or be taken into account in determining the number of Directors to retire in each year. As such, with the exception of the chairman, all Directors are subject to retirement by rotation. The management considers that there is no imminent need to amend the articles of association of 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 extraordinary 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 2008.

By Order of the Board
Hidenori Nakai
Chairman

Hong Kong, 26 June 2008

As at the date of this announcement, the Board comprises six executive directors, namely Mr. Hidenori Nakai, Mr. Takeyasu Hashizume, Mr. Wang Kefei, Mr. Etsuro Tojo, Ms. Etsuko Hoshiyama, and Mr. Hiroshige Tonomura; and three independent non-executive directors, namely Mr. Seiichi Nakaoda, Mr. Kwong Pui Kei and Mr. Chan Hing Keung, Wilson.

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