

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Stock code: 8075

Website: www.rojam.com

CONTINUING CONNECTED TRANSACTION IN RELATION TO OFFICE SUB-LEASE

R&C entered into the Sub-lease with Yoshimoto to sub-let from Yoshimoto office premises, the term of which expired on 31 March 2006. R&C has entered into the Renewal Agreement on 19 June 2006 with Yoshimoto to extend the term of the Sub-lease for a period from 1 April 2006 to 31 March 2009.

R&C is a wholly-owned subsidiary of the Company. Yoshimoto is a connected person of the Company by virtue of its indirect holding of controlling interest of approximately 73.99% in the issued share capital of the Company. The Renewal Agreement will constitute a continuing connected transaction and is subject to the reporting and announcement requirements under the GEM Listing Rules.

TRANSACTIONS

R&C and Yoshimoto entered into the Sub-lease for a period from 20 July 2004 to 31 March 2006 to sub-let from Yoshimoto, office premises with a total floor area of around 298.7 square meters located at the 3rd Floor of Taisei Yoshimoto Building, 1-14 Kanda Jimbo-cho, Chiyoda-ku, Tokyo, Japan.

R&C has entered into the Renewal Agreement with Yoshimoto on 19 June 2006 to extend the term of the Sub-lease for a period from 1 April 2006 to 31 March 2009.

Major terms of the Sub-lease

Under the Sub-lease, R&C is liable to pay Yoshimoto rental of approximately JPY1.7 million (equivalent to approximately HK\$119,000) per month. In addition to the rental, Yoshimoto shall charge R&C operating expenses, such as electricity, gas and water charges, on cost basis, which are estimated to be JPY0.7 million (equivalent to approximately HK\$47,000) per month. Shareholders shall refer to the Company's announcement dated on 2 September 2004 for further details of the Sub-lease.

The annual cap for the rental payments and other charges under the Sub-lease was HK\$2,000,000 for each of the two financial years ended 31 March 2006. The aggregate amount of rental payments and other charges paid to Yoshimoto under the Sub-lease for the two years ended 31 March 2006 were approximately HK\$1,507,000 and HK\$1,752,000, respectively.

THE RENEWAL AGREEMENT

Date:

19 June 2006

Parties:

Yoshimoto and R&C

Major terms:

R&C and Yoshimoto extended the terms of the Sub-lease commencing from 1 April 2006 to 31 March 2009. All other terms and conditions of the Sub-lease stated under the section headed "Major terms of the Sub-lease" remain applicable.

The terms of the Renewal Agreement were arrived at after arm's length negotiation between the parties. The Directors including the independent non-executive Directors consider that the Renewal Agreement was entered into on normal commercial terms and is in the normal course of business of the Group and that terms are fair and reasonable and in the interests of the shareholders of the Company as a whole, and no less favourable than those available from independent third parties.

REASONS FOR ENTERING INTO THE RENEWAL AGREEMENT

The Directors believe that the continuing connected transactions contemplated under the Renewal Agreement can allow the Group to carry on businesses in Japan in the existing office premises sublet from Yoshimoto without incurring extra relocation costs.

THE CAPS

Under Chapter 20 of the GEM Listing Rules, the Board is required to obtain a confirmation from the auditors of the Company to confirm that the continuing connected transactions have not exceeded the proposed caps and the Company is required to disclose such confirmation in its annual report. As such, the Directors propose the maximum aggregate annual value of the rental payments and other charges is not expected to exceed HK\$2.0 million (representing approximately 0.4% of each of the total assets and total revenue of the Company as at 31 March 2006 respectively, and approximately 0.4% of the market capitalisation of the Company for the five days preceding the date of the Renewal Agreement) for each of the three financial years ending 31 March 2009. The annual caps are derived by the Directors based on the aggregate of the annual payments for the two years ended 31 March 2006.

The transactions contemplated under the Renewal Agreement are only subject to reporting and announcement requirements and are exempt from independent shareholders' approval requirements pursuant to Rule 20.34 of the GEM Listing Rules.

CONNECTED PERSON

Yoshimoto is a connected person of the Company by virtue of its indirect holding of controlling interest of approximately 73.99% in the issued share capital of the Company. Yoshimoto is an entertainment conglomerate in Japan whose shares are listed on the Tokyo Stock Exchange Section I and the Osaka Securities Exchange Section I. Its operations include planning, production and sale of television, radio and live programmes.

INFORMATION ON THE COMPANY

The Company was incorporated in the Cayman Islands and its shares are listed on GEM. The Group is principally engaged in the record production and distribution and discotheque operation.

DEFINITIONS

“Board”	the board of Directors
“Company”	Rojam Entertainment Holdings Limited, a company incorporated in the Cayman Islands whose shares are listed on GEM
“Directors”	the directors of the Company
“GEM”	the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China
“R&C”	R and C Ltd., a company incorporated in Japan on 24 May 2001 and is a wholly-owned subsidiary of the Company
“Renewal Agreement”	an agreement dated 19 June 2006 between R&C and Yoshimoto to extend the term of the Sub-lease to 31 March 2009
“Sub-lease”	a sub-lease agreement dated 20 July 2004 between R&C and Yoshimoto
“Yoshimoto”	Yoshimoto Kogyo Co., Ltd., a company incorporated in Japan in 1948 and listed on the Tokyo Stock Exchange Section I and the Osaka Securities Exchange Section I and a controlling shareholder of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“JPY” or “Japanese Yen”	Japanese Yen, the lawful currency of Japan

For the purpose of illustration only, amounts denominated in Japanese Yen have been translated into Hong Kong dollars using the conversion rate of 14.29 Japanese Yen to one Hong Kong dollar.

By order of the Board
Etsuko Hoshiyama
Company Secretary

Hong Kong, 20 June 2006

As at the date of this announcement, the Board comprises seven executive Directors, namely Mr. Takeyasu Hashizume, Mr. Tetsuo Mori, Mr. Osamu Nagashima, Mr. Mitsuo Sakauchi, Mr. Arihito Yamada, Mr. Yukitsugu Shimizu and Mr. Hiroshi Osaki; and three independent non-executive Directors, namely Mr. Seiichi Nakaoda, Mr. Kwong Pui Kei and Mr. Law Kar Ping.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. 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.

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.