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DISPOSAL OF SHARES BY, AND RESIGNATION OF, CHAIRMAN AND EXECUTIVE DIRECTOR

The Company was informed by Mr. Komuro, the chairman, executive director and a substantial shareholder of the Company, that he and his wife, Mrs. Komuro, had entered into agreements on 19 May 2004 to dispose of their 422,676,667 Shares and 2,200,000 Shares, representing approximately 27.19% and 0.14% of the existing issued share capital of the Company, respectively. The Company was informed by Mr. Komuro that 265,133,334 Shares, representing approximately 17.05% of the existing issued share capital of the Company, will be sold to Faith, and 159,743,333 Shares, representing approximately 10.28% of the existing issued share capital of the Company, will be sold to ACP, at HK\$0.09 per Share in each case. ACP will also acquire an aggregate of 105,390,000 Shares, representing approximately 6.77% of the existing issued share capital of the Company, from two other shareholders at HK\$0.09 per Share. Immediately after completion of the sale and purchase of Shares referred to above, Faith and ACP will each hold approximately 17.05% of the existing issued share capital of the Company. ACP has confirmed to the Company that the Shares to be acquired by ACP will be distributed to the ACP Subscribers proportionate to their respective interests in ACP as soon as possible.

Based on confirmations given to the Company by Faith, ACP and the ACP Subscribers respectively, Faith, ACP and the ACP Subscribers are independent of one another, and each of Faith, ACP and the ACP Subscribers is an independent third party not connected with the directors, chief executive, substantial shareholders, management shareholders, significant shareholders (as such terms are defined in the GEM Listing Rules) of the Company, its subsidiaries, or any of their respective associates (as defined in the GEM Listing Rules).

Mr. Komuro has tendered his resignation as chairman and executive director of the Company with effect from 21 May 2004. The Board considers that the resignation of Mr. Komuro will not have any material adverse impact on the operations of the Group.

At the request of the Company, trading in the Company's shares has been temporarily suspended from 9:30 a.m. on 20 May 2004 pending release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading of the Company's shares with effect from 9:30 a.m. on 24 May 2004.

DISPOSAL OF SHARES BY MR. KOMURO AND MRS. KOMURO

The Company was informed by Mr. Tetsuya Komuro (“**Mr. Komuro**”), the chairman, executive director and a substantial shareholder of the Company, that Mr. Komuro and his wife, Mrs. Keiko Komuro (“**Mrs. Komuro**”), had entered into agreements (“**Agreements**”) on 19 May 2004 to dispose of their entire shareholding in the Company (“**Transaction**”). Mr. Komuro and Mrs. Komuro hold 422,676,667 shares (“**Shares**”) in the Company and 2,200,000 Shares, representing approximately 27.19% and 0.14% of the existing issued share capital of the Company, respectively.

The Company was informed by Mr. Komuro that pursuant to the Agreements, (a) Mr. Komuro has agreed to sell 265,133,334 Shares, representing approximately 17.05% of the issued share capital of the Company, to Faith, Inc. (“**Faith**”); and (b) Mr. Komuro and Mrs. Komuro have agreed to sell a total of 159,743,333 Shares, representing approximately 10.28% of the issued share capital of the Company, to ACP Seed Fund 2 (“**ACP**”), at HK\$0.09 (“**Transaction Price**”) per Share in each case. The Transaction Price, which, as the Company was informed by Mr. Komuro, was determined after arm’s length negotiations between the relevant parties, represented a premium of 12.50% and 13.49% respectively of the last closing price of HK\$0.080 per Share on 19 May 2004 and the average closing price of HK\$0.0793 over the 10 trading days up to and including 19 May 2004, as quoted on the Stock Exchange. Based on confirmations given to the Company by Faith, ACP and ACP’s subscribers referred to below (“**ACP Subscribers**”) respectively, Faith, ACP and the ACP Subscribers are independent of one another, and each of Faith, ACP and the ACP Subscribers is an independent third party not connected with the directors, chief executive, substantial shareholders, management shareholders, significant shareholders (as such terms are defined in the GEM Listing Rules) of the Company, its subsidiaries, or any of their respective associates (as defined in the GEM Listing Rules).

The Company has been informed that completion of the Transaction is expected to take place under the Agreements on or before 31 May 2004.

Mr. Komuro has confirmed to the Company that, save as for the pre-IPO options (“**Options**”) granted to him on 21 May 2001, immediately after the completion of the Transaction, none of Mr. Komuro, Mrs. Komuro, and any of their respective associates (as defined in the GEM Listing Rules) will be interested in any Shares. Mr. Komuro has been granted Options to subscribe for up to an aggregate of 51,734,220 Shares, representing approximately 3.33% of the existing issued share capital of the Company and 3.22% of the enlarged issued share capital upon the exercise of all Options in full, at an exercise price of HK\$0.10 per Share. Mr. Komuro has confirmed to the Company that he has no current intention to exercise his Options.

ACP has advised the Company that it has also entered into agreements to acquire (“**Acquisition**”) 75,882,000 Shares from Music Rider Investment Limited (“**Music Rider**”) and 29,508,000 Shares from Mr. Ryuichi Sakai (“**Mr. Sakai**”) at the Transaction Price, representing approximately 4.88% and 1.89% of the existing issued share capital of the Company, respectively. Completion of the Acquisition is also expected to take place on or before 31 May 2004. Mr. Sakai, professionally known as Marc Panther, is a former member of the Group’s music production team. To the best of the knowledge and belief of the directors of the Company, save as disclosed in this announcement, each of Music Rider and Mr. Sakai is an independent third party not connected with the directors, chief executive, substantial shareholders, management shareholders, significant shareholders (as such terms are defined in the GEM Listing Rules) of the Company, its subsidiaries, or any of their respective associates (as defined in the GEM Listing Rules).

Immediately after completion of the Transaction and the Acquisition, it is expected that Faith and ACP will hold 265,133,334 Shares and 265,133,333 Shares respectively, representing in each case approximately 17.05% of the existing issued share capital of the Company. Based on the confirmation given to the Company by ACP, the 159,743,333 Shares to be acquired by ACP under the Transaction and the 105,390,000 Shares to be acquired by ACP under the Acquisition will be distributed by ACP to the ACP Subscribers proportionate to their respective interests in ACP as soon as possible after completion of the Transaction and the Acquisition.

INFORMATION ON FAITH AND ACP

Based on information available to the Company, Faith is a company incorporated in Japan, the securities of which are listed on the First Section of the Tokyo Stock Exchange. It is a technology company specializing in mobile, Internet, computer and game solutions.

Based on the confirmations given to the Company by ACP, ACP is an investment fund established in Japan and the ACP Subscribers are (i) AC Partners Inc., an investment holding company incorporated in Japan; (ii) Mr. Mamoru Taniya, the founder and CEO of Asuka Asset Management Limited, an asset management company incorporated in Japan; and (iii) Mr. Kohei Matsuki, the vice president and director of CREED Corporation, a real estate company incorporated in Japan, the securities of which are listed on the Hercules Nippon New Market of the Osaka Stock Exchange. They are the ultimate beneficial owners of ACP interested in 1.00%, 49.50% and 49.50% of ACP respectively.

INTENTION OF FAITH AND ACP

Based on confirmations given to the Company by Faith, ACP and the ACP Subscribers, each of them currently has no intention to acquire further Shares other than pursuant to the Transaction and the Acquisition, participate in the management of the Company or have any board representation in the Company.

RESIGNATION OF MR. KOMURO AS CHAIRMAN AND EXECUTIVE DIRECTOR

Mr. Komuro has tendered his resignation as chairman and executive director of the Company with effect from 21 May 2004. Mr. Komuro has stated in his resignation that he has decided to resign in order to pursue his personal business and other interests. Mr. Komuro has also confirmed in his resignation that he has no disagreement with the board of Directors ("**Board**") and there are no matters that need to be brought to the attention of the shareholders of the Company with respect to his resignation.

The Board would like to take this opportunity to express its appreciation to Mr. Komuro for his invaluable contribution to the Group as chairman and executive director. The Group has benefited from the business relationships established by Mr. Komuro and built up a strong brand name in the music industry. Since the acquisition of 80% effective interest in R&C Japan Limited, a company engaging in record distribution, from Yoshimoto Kogyo Co., Ltd. ("**Yoshimoto**") and the introduction of Yoshimoto as a substantial shareholder of the Company in October 2002, record distribution has gradually become the most significant business of the Group, and the Group has been able to further develop its business. As disclosed in the Third Quarterly Report of the Company for the nine months ended 31 December 2003, revenue generated from record distribution (approximately HK\$166.97 million) accounted for approximately 89.77% of the total turnover of the Group (approximately HK\$186.00 million). The Group will continue to focus principally on record distribution business. Yoshimoto, one of Japan's major entertainment companies whose operations

include planning, production and sale of TV, radio and live programs using many entertainers under its contract, and management of real estate, travel, amusement and other commercial entertainment facilities, is, as at the date of this announcement, the single largest shareholder of the Company, interested in 450,000,000 Shares, representing approximately 28.94% of the existing issued share capital of the Company. Following the resignation of Mr. Komuro, the Board will comprise seven executive directors and two independent non-executive directors. The team of seven executive directors will comprise (i) the president who oversees the Group's overall management, operations and strategic planning; (ii) four vice presidents, each of whom is responsible for a principal aspect of the Group's operations; and (iii) two directors nominated to the Board by Yoshimoto. The Board considers that the resignation of Mr. Komuro will not have any material adverse impact on the operations of the Group.

Mr. Komuro has also informed the Company that he may wish to terminate his engagement as the chief executive producer of the Group in the near future. The Company will issue an announcement to update shareholders and investors on progress in this matter as and when appropriate.

SHAREHOLDING STRUCTURE

Immediately before the completion of the Transaction and the Acquisition, the substantial shareholders of the Company comprise Yoshimoto and Mr. Komuro, interested in 450,000,000 Shares and 424,876,667 Shares, representing approximately 28.94% and 27.33% of the existing issued share capital of the Company, respectively.

Immediately after the completion of the Transaction and the Acquisition, the substantial shareholders of the Company will comprise Yoshimoto, Faith and ACP, interested in 450,000,000 Shares, 265,133,334 Shares and 265,133,333 Shares, representing approximately 28.94%, 17.05% and 17.05% of the existing issued share capital of the Company, respectively.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Company's shares has been temporarily suspended from 9:30 am on 20 May 2004 pending release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading of the Company's shares with effect from 9:30 am on 24 May 2004.

As at the date of this announcement, the Board comprises:

Mr. Takeyasu Hashizume (*Executive Director and President*)

Mr. Tetsuo Mori (*Executive Director and Vice President (Business Development)*)

Mr. Osamu Nagashima (*Executive Director and Vice President (Asia)*)

Mr. Mitsuo Sakauchi (*Executive Director and Vice President (Japan)*)

Mr. Akihito Yamada (*Executive Director and Vice President (Finance)*)

Mr. Yukitsugu Shimizu (*Executive Director*)

Mr. Hiroshi Osaki (*Executive Director*)

Mr. Seiichi Nakaoda (*Independent Non-executive Director*)

Mr. Yeung Mui Kwan, David (*Independent Non-executive Director*)

By order of the Board
Takeyasu Hashizume
President

Hong Kong, 21 May 2004

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: (a) the information contained in this announcement is accurate and complete in all material respects and not misleading; (b) there are no other matters the omission of which would make any statement in this announcement misleading; and (c) 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 on the "Latest Company Announcements" page for at least 7 days after its posting and the website of the Company at www.rojam.com.