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This announcement, for which 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 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.



POSSIBLE CONTINUING CONNECTED TRANSACTIONS

The Company announced respectively on 20 June 2002 and 29 July 2002 that the Company had entered into the Share Agreement in relation to the acquisition of 80% issued share capital of Yoshimoto Music at a consideration of HK\$67.5 million to be satisfied by an issue and allotment of 450,000,000 new Shares by the Company to a wholly owned subsidiary of the Company, which will immediately transfer the 450,000,000 Shares to a wholly owned subsidiary of Yoshimoto. Yoshimoto Music owns the entire issued share capital of R&C immediately prior to completion of the R&C Acquisition.

Upon completion of the R&C Acquisition, Yoshimoto and its associates will become connected persons (as defined in the GEM Rules) of the Company and any transactions between the Company or R&C and Yoshimoto (or their respective associates) will constitute connected transactions of the Company under Chapter 20 of the GEM Rules. Apart from the transactions which the Directors expect that the Group (including R&C) will enter into with Yoshimoto (or its associates) after the Completion, the Group has in the past entered into certain commercial transactions with R&C in relation to the music production of albums and singles of different artists or groups of artists, which are expected to continue after the Completion. Although these transactions have been conducted and entered into in the parties' respective ordinary courses of businesses and on normal commercial terms, they will become continuing connected transactions of the Company upon completion of the Share Agreement.

The continuing connected transactions for which shareholders' approval will be sought include the following:

- (A) the Master Music Production Agreement between R&C and Rojam Japan;
- (B) the Sub-lease and the New Lease between Yoshimoto and R&C and Rojam Japan respectively;
- (C) the Master Artist Performance Agreement between R&C and Yoshimoto; and
- (D) the Master Video Production Agreements between R&C and Yes Visions and Y's Vision respectively.

Pursuant to Chapter 20 of the GEM Rules, the above existing and future continuing connected transactions (collectively, the "Continuing Connected Transactions") will be subject to the disclosure, shareholders' approval and annual review requirements for non-exempt continuing connected transactions as set out in Chapter 20 of the GEM Rules.

The Company will issue a circular containing, inter alia, details of the Continuing Connected Transactions, advice from the independent board committee and an independent financial adviser together with a notice to convene an extraordinary general meeting of the Company to approve the relevant agreements and the proposed caps for each of the Continuing Connected Transactions.

INTRODUCTION

Reference is made to the announcements of the Company dated 20 June 2002 and 29 July 2002 respectively containing details of a conditional sale and purchase agreement dated 20 June 2002 and the supplemental agreement dated 29 July 2002 which were entered into by the Company and Yoshimoto for the acquisition of 80% issued share capital of Yoshimoto Music.

Upon completion of the R&C Acquisition, R&C will be indirectly owned as to 80% by a wholly owned subsidiary of the Company and as to the remaining 20% by a wholly owned subsidiary of Yoshimoto. Pursuant to the Share Agreement and upon the Completion, the satisfaction of the consideration for the R&C Acquisition will involve an issue and allotment of 450,000,000 new Shares by the Company, and Yoshimoto will be interested in approximately 40.74% and 28.94% of the existing and enlarged share capital of the Company respectively. Pursuant to Chapter 20 of the GEM Rules, both Yoshimoto and R&C will become connected persons to the Company and thus, any existing and future transactions or arrangements between them or with the Company will be considered as connected transactions of the Company. Subject to their respective expected annual values, the Continuing Connected Transactions will normally require disclosure to, and possibly the approval of, shareholders of the Company on each occasion as they arise.

The Directors expect that, in order to derive the anticipated synergistic benefits from the R&C Acquisition as outlined in the announcement dated 20 June 2002, connected transactions of a number of specific nature will be entered into by the Group and R&C, or between them, and Yoshimoto on a recurring and regular basis, which are expected to continue in the future. The Directors believe that it is in the commercial interest of the Group to enter into these kinds of transactions on a regular and recurring basis.

The background of the Continuing Connected Transactions are briefly described and categorised as follows:

A) MASTER MUSIC PRODUCTION AGREEMENT

In the past, the Group has had commercial transactions with R&C in relation to the music production of music records of different artists or groups of artists engaged by R&C, pursuant to which payments from R&C, comprising reimbursement of production costs and producer royalties, are expected to continue in the future. These transactions have been entered into and conducted in their respective ordinary courses of businesses and on normal commercial terms. A brief description of each of these past transactions are summarised as follows:

- (i) On 1 August 2001, Rojam Japan entered into a producer agreement with R&C for the Group's music production service for the "GABALL" album, which was released in Japan in September 2001.

As at 31 July 2002, around Yen31.6 million (equivalent to approximately HK\$2.1 million) had been received by the Group from R&C as reimbursement of actual production costs, being out-of-pocket expenses incurred by the Group for the production, and around Yen1.7 million (equivalent to approximately HK\$0.1 million) had been received by the Group from R&C as royalty income based on the agreed royalty rate as set out in the ensuing section headed "**THE EXISTING MUSIC PRODUCTION AGREEMENTS**". The aggregate value generated from the transactions under this agreement accounted for approximately 6.6% and 4.5% of the Group's total music production income and total turnover for the year ended 31 March 2002 respectively; and

- (ii) On 1 January 2002, Rojam Japan entered into two similar producer agreements with R&C for the production of the singles of Aiko Katsumata, R9 and Female non Fiction respectively, all of which were released in January 2002.

As at 31 July 2002, around Yen6.3 million (equivalent to approximately HK\$0.4 million) had been received by the Group from R&C as reimbursement of actual production costs and around Yen1.2 million (equivalent to approximately HK\$0.1 million) had been received by the Group from R&C as royalty income based on the agreed royalty rates as set out in the ensuing section headed "**THE EXISTING MUSIC PRODUCTION AGREEMENTS**". The aggregate value generated from the transactions under these agreements accounted for approximately 1.5% and 1.0% of the Group's total music production income and total turnover for the year ended 31 March 2002 respectively; and

- (iii) Rojam Japan has also entered into similar music production arrangements with R&C, in respect of which no written agreement has been entered into, for the production of a number of music records of various artists, which were released in the following months respectively:

Artist	Product	Title	Month of Release
GABALL	Analogue album	Represent 01 (Remix)	January 2002
ULTRAS	Album	ULTRAS 2002	May 2002
Naoto Kine	Album	Running On	May 2002
ULTRAS	Single	Aida Kimetekure	May 2002
GABALL	CD and DVD	Upgraded	June 2002
Y.S.P. All Stars	Single	Ecstasy	July 2002

Pursuant to the above music production arrangements, the fees payable by R&C comprise a reimbursement to Rojam Japan of the actual production cost of producing the music records plus an additional 15% of the actual production cost as administrative fee, and producer royalty fees computed at the royalty rates at (i) 1% for the album of Naoto Kine; and (ii) 5% for the music records of the other artists whose names appear on the list above respectively. Producer royalty income from these music production arrangements will continue to be receivable by the Group from R&C on a perpetual basis as copies of the relevant music records are sold.

As at 31 July 2002, around Yen12.7 million (equivalent to approximately HK\$0.8 million) had been accrued as reimbursement of production costs and administrative fees receivable by the Group from R&C for these music production arrangements and around Yen0.03 million (equivalent of approximately HK\$0.002 million) had been received by the Group from R&C as royalty income for GABALL's analogue album. Other than the GABALL's analogue album, approximately Yen1.8 million (equivalent to approximately HK\$0.1 million) had been accrued as royalty income for other music records pursuant to the existing music production arrangements receivable by the Group from R&C. The aggregate value generated from these music production arrangements of around Yen14.6 million (equivalent to approximately HK\$1.0 million) accounted for approximately 2.9% and 2.0% of the Group's total music production income and total turnover for the year ended 31 March 2002 respectively.

After the Completion, the Existing Music Production Agreements and the existing music production arrangements, under which all music production services required to be performed by Rojam Japan have been completed, will continue to generate producer royalty income on a perpetual basis for the Group as further copies of the relevant music records are sold, and will become and constitute continuing connected transactions under the GEM Rules. The Directors expect that the aggregate annual producer royalty income from the Existing Music Production Agreements and the existing music production arrangements will not exceed the higher of HK\$1,000,000 or 0.03% of the net tangible assets of the Company and hence, the Existing Music Production Agreements and the existing music production arrangements will not be subject to any reporting, announcement and shareholders' approval requirement under the GEM Rules. The Directors believe that it is reasonable

to anticipate a low level of contributions from the Existing Music Production Agreements and the existing music production arrangements, taking into account the general pattern of diminishing producer royalty payments over time after the releases of the relevant music records.

Further, the Directors expect that R&C will continue to engage the Group to provide similar music producer services on similar terms on a recurring and regular basis in the future. As such, any future engagement for similar services from the Group, will become and constitute continuing connected transactions under the GEM Rules after the Completion.

The Directors consider the music production service as one of the Group's key strengths and businesses and they believe that the anticipated music production agreements and revenues therefrom will constitute a significant part of the Group's future operations. However, the Directors believe that it would be impractical for the Group to make such disclosure and, if necessary, seek shareholders' approval for each of these transactions whenever they arise. The Directors propose that the Group enters into a master music production agreement (the "Master Music Production Agreement") that generally governs the terms of any future music production agreements and activities for a term from the date of signing, which will be after the approval of the shareholders of the Company has been obtained, to 31 March 2005.

The following table summarises the principal terms of the Existing Music Production Agreements, the existing music production arrangements and the Master Music Production Agreement:

	Existing Music Production Agreements	Existing music Production arrangements	Master Music Production Agreement
Date of agreement or duration	Dated 1 August 2001 and 1 January 2002 respectively and are valid for the respective lives of the master-tapes produced	Commencing from various dates prior to end of July 2002	Commencing from the date of signing to 31 March 2005, and thereafter renewable by mutual agreement for consecutive three year periods provided that the GEM Rules are complied with Subject to annual review and re-approval by the independent shareholders of the Company
Purpose	The Group will produce master recordings featuring certain artists and transfer such master-tapes to R&C for distribution		

	Existing Music Production Agreements	Existing music Production arrangements	Master Music Production Agreement
Production costs	Reimbursement of out-of-pocket expenses	Reimbursement of out-of-pocket expenses, plus administration costs fixed to be 15% of such expenses	
Formula for producer royalty	(Retail price net of consumption tax minus Container Charge) times Producer Royalty Rate times Sales Quantity		
Container Charge	15% of the retail price including consumption tax	15% of the retail price net of consumption tax	15% of the retail price net of consumption tax
Producer Royalty Rate	Gaball 5% R9 5% Female non Fiction 5% Katsumata 1% to 2.5%, depending on the sales quantity	Gaball 5% Ultras 5% Y.S.P. All Stars 5% Kine 1%	Maximum of 5%
Sales Quantity	80% of the actual sales quantity in numbers, which has taken into account the expected return of goods	80% of total shipment in numbers from the sales office of the record company that R&C entrusts its distribution	
Frequency of payment of producer royalty	Within two months after the end of March and September of every calendar year; provided the accrued producer royalty is over Yen5,000. Otherwise, the relevant amount will be payable in the next period	Within 60 days after the end of March and September of every calendar year, provided the accrued producer royalty is over Yen5,000. Otherwise, the relevant amount will be payable in the next period	

The following sections contain detailed description of each of the above arrangements and agreements:

THE EXISTING MUSIC PRODUCTION AGREEMENTS

PRODUCER SERVICES

Pursuant to the Existing Music Production Agreements, Rojam Japan produced (including the rendition of the producer services by producers engaged by Rojam Japan) the master-tapes of the “GABALL” album and the singles of Aiko Katsumata, R9 and Female non Fiction, and that R&C has the right to exclusively reproduce and distribute from such master-tapes for the respective lives of these master-tapes on a perpetual basis.

Rojam Japan’s producer services under the Existing Music Production Agreements include selection of lyric writers, songwriters, arrangers and accompanists, attendance at the performance and editing, instruction to the artists, sound coordination, inspection and other related matters.

PRODUCER ROYALTY

In consideration of the producer services provided pursuant to the Existing Music Production Agreements, R&C will pay Rojam Japan producer royalty, which will be calculated as follows per copy of recording, for records sold by R&C through its designated distributors:

(retail price net of consumption tax minus **Container Charge** for the container in which the record is packaged) times **Producer Royalty Rate** times **Sales Quantity**

where:

Container Charge means 15% of the retail price including consumption tax in monetary term

Producer Royalty Rate shall be:

- (i) 5% for the “GABALL” album and the singles of R9 and Female non Fiction; and
- (ii) for the single of Aiko Katsumata, 1% if the Sales Quantity is less than or equal to 50,000, 1.5% if the Sales Quantity is 50,001 up to 100,000, 2% if the Sales Quantity is 100,001 up to 500,000 and 2.5% if the Sales Quantity is 500,001 or over

Sales Quantity means 80% of the actual sales quantity in numbers, which has taken into account the expected return of goods (except all the records distributed for promotion or advertising or those for which R&C will not receive income)

Producer royalty will accrue in respect of any and all the audio recordings and audiovisual recordings embodying the master-tapes produced by Rojam Japan. In case any of the master-tapes is reproduced together with other master-tapes on a particular recording, the Producer Royalty payable to Rojam Japan will be calculated on a pro-rata basis based on the number of the master-tapes contained in that recording. In the event of sales outside Japan, the Producer Royalty Rate will be one-third of the otherwise applicable rate.

The producer royalty is payable to Rojam Japan within two months after the end of March and September of every calendar year during the term of the Existing Music Production Agreement, provided that the accrued producer royalty is over Yen5,000. Otherwise, the relevant amount will be payable in the next payment period.

PRODUCTION COSTS

Whilst there is no provision in the Existing Music Production Agreements regarding reimbursement of the production costs, Rojam Japan has received from R&C reimbursement of actual production costs, being out-of-pocket expenses incurred by Rojam Japan for the production, in respect of those master-tapes produced under the Existing Music Production Agreements. Such production costs were paid by R&C to Rojam Japan within 60 days from the former's receipt of the invoice issued by Rojam Japan.

THE MASTER MUSIC PRODUCTION AGREEMENT

PRODUCER SERVICES

Rojam Japan will produce (including the rendition of the producer services) the master-tapes of such artists as designated by R&C and transfer such master-tapes to R&C.

Rojam Japan's producer services will cover planning, review, selection of songs/songwriters, performance, attendance at recording/editing, instruction to the artists, sound quality adjustment, inspection and other related matters.

Rojam Japan will cause its contracted producer(s) to perform the producer services, provided that Rojam Japan and/or its producer(s) will not perform such services exclusively for R&C.

Although the term of the Master Music Production Agreement will be from the date of signing, which will be shortly after the independent Shareholders' approval is obtained, to 31 March 2005, and thereafter renewable by mutual agreement for consecutive three year periods provided that the GEM Rules are complied with, the continuity of such agreement will be subject to review and re-approval by the independent shareholders of the Company at the annual general meeting of the Company for as long as the transactions under the Master Music Production Agreement continue.

PRODUCER ROYALTY

R&C will pay Rojam Japan producer royalty, which will be calculated as follows per copy of recording:

(retail price net of consumption tax minus **Container Charge** for the container in which the record is packaged) times **Producer Royalty Rate** times **Sales Quantity**

where:

Container Charge means 15% of the retail price net of consumption tax

Producer Royalty Rate for artists other than Gaball, Ultras, Naoto Kine and Y.S.P. All Stars, in respect of whom the rates are specified in the Master Music Production Agreement, will be subject to a maximum of 5%.

With an aim of providing transparency over the producer royalty rate determination process between R&C and Rojam Japan to the shareholders of the Company, the Directors will refer to the following scale in order to determine the producer royalty rate:

- where the Sales Quantity of the relevant music record is 30,000 copies or less, the rate will be not less than 1%;
- where the Sales Quantity is between 30,001 and 50,000 copies, the rate will be not less than 3%;
- where the Sales Quantity is more than 50,000 copies, the rate will be 5%.

Sales Quantity means 80% of the actual total shipment in numbers from the sales office of the record company that R&C entrusts its distribution (except all the records distributed for promotion or advertising or those for which R&C will not receive income).

Producer royalty will accrue in respect of any and all the audio recordings and audiovisual recordings embodying the master-tapes produced by Rojam Japan on a perpetual basis as copies of the relevant music records are sold, even in the event that the Master Music Production Agreement expires or is terminated. In case any of the master-tapes is reproduced together with other master-tapes on a particular recording, the producer royalty payable to Rojam Japan will be calculated on a pro-rata basis based on the number of the master-tapes contained in that recording. In the event that the master-tapes are used in a videogram not produced by Rojam Japan, the Producer Royalty Rate will be 30% of the otherwise applicable rate while in the event of overseas (defined as countries other than Japan) sales, the Producer Royalty Rate will be one-third of the otherwise applicable rate. The producer royalty is payable to Rojam Japan within 60 days (or immediately before the termination or expiration of the term of the Master Music Production Agreement) after the end of March and September of every calendar year, provided that the accrued producer royalty is over Yen5,000. Otherwise, the relevant amount will be payable in the next payment period.

PRODUCTION COSTS

In addition to the payment of producer royalty, R&C will pay Rojam Japan production costs for the production of the master-tapes, which will be Rojam Japan's out-of-pocket expenses relating to the production, plus its administration costs fixed to be 15% of such expenses. Such administration costs are not applicable to the Existing Music Producer Agreements. The production costs will cover any and all the expenses necessary for the production of the master-tapes. R&C will pay Rojam Japan such production costs within 60 days from its receipt of the invoice issued by Rojam Japan.

The Directors are of the view that the Existing Music Production Agreements, the existing music production arrangements and the Master Music Production Agreement between Rojam Japan and R&C are on normal commercial terms and that such terms are fair and reasonable so far as the shareholders of the Company are concerned. The Directors believe that, while negotiating the terms of the Master Music Production Agreement, they have made reference to the normal market rates

and also to the other independent music production contracts the Group has entered into with other major record companies in Japan. The Group's entering into of the Master Music Production Agreement will be subject to shareholders' approval of the cap as devised by the Directors, which is expected not to exceed HK\$12,000,000 (representing approximately 6.7% of the net tangible assets of the Company as at 31 March 2002 and approximately 24.6% of the turnover of the Company for the year ended 31 March 2002) for the period from the Completion to 31 March 2003 and HK\$24,000,000 (representing approximately 13.5% of the net tangible assets of the Company as at 31 March 2002 and approximately 49.2% of the turnover of the Company for the year ended 31 March 2002) for each of the two financial years ending 31 March 2005 on such conditions as set out under the paragraph headed "Conditions" below. The annual cap is derived by the Directors on the basis of the estimated release schedule of R&C in the current year, and the estimated growth in the percentage of music production projects to be undertaken by Rojam Japan for R&C through an enhanced working relationship after the Completion. For the period from 1 August 2001 to 31 March 2002 and the four months ended 31 July 2002, R&C released 20 and 19 music record titles respectively. Based on the estimated release schedule of R&C, the Directors currently expect that in the eight months ending 31 March 2003, R&C will release a total of around 30 music record titles. The Directors anticipate that, for each of the two years ending 31 March 2005, R&C will be able to maintain its current volume of music records released. For the period from 1 August 2001, being the date on which the Group entered into its first music production agreement with R&C, to 31 March 2002, approximately 30% of the music record titles released by R&C were produced by the Group and approximately 20% of the music production costs incurred by R&C were attributable to Rojam Japan. The Directors currently expect that such percentage will gradually increase to around 60% when R&C becomes a subsidiary of the Company after the Completion. Taking the above into account, the Directors believe that the caps as proposed herein are fair and necessary to accommodate the expected volume of music production business from R&C for the forthcoming years.

For statistical demonstration, the Group's music production revenues from R&C for the period from 1 August 2001 to 31 March 2002 and the four months ended 31 July 2002 were approximately HK\$2.7 million and HK\$1.0 million respectively, representing approximately 5.5% and 2.0% of the Group's total turnover for the year ended 31 March 2002 respectively.

B) SUB-LEASE AND NEW LEASE

R&C entered into a sub-lease agreement ("Sub-lease") with Yoshimoto dated 29 March 2002 to sub-let from Yoshimoto office premises with a total floor area of around 117.4 square metres located at the 5th Floor of Landic Akasaka Building, 2-3-4 Akasaka, Minato-ku, Tokyo, Japan (being a portion of the office premises subject to a head lease ("Head Lease") entered into between Yoshimoto and a third party for use of the office premises in the Landic Akasaka Building) from 1 April 2002 to 31 March 2005 (subject to termination by Yoshimoto giving a 3-month prior notice to R&C in the event of termination of the Head Lease). The Head Lease is for an initial term from 1 February 2000 to 31 March 2002, and is renewable automatically for further terms of two years each upon expiration of each term subject to termination by either Yoshimoto or the landlord giving the other notice of termination six months prior to the expiration of each term. Upon expiry of the initial term on 31 March 2002, the Head Lease was renewed for a further term of two years ending 31 March 2004. The amount of rent payable under the Sub-lease is Yen9,960,000 (equivalent to around HK\$655,000) per year (inclusive of utility fees and use of equipment, but exclusive of consumption tax), which was determined according to the number of workstations, each of which normally consists of a desk, a chair and a personal computer, and occupies a floor area of roughly five square metres taking into account the layout and structural fittings of the relevant office space, that are fitted into the office premises subject to the Sub-lease. As the Sub-lease is on-going in nature, it will become a continuing connected transaction under the GEM Rules upon the Completion.

Apart from the Sub-lease, the Directors expect that, after Completion, Rojam Japan will enter into a sub-lease agreement (“New Lease”) with Yoshimoto to sub-let from Yoshimoto office premises with a total floor area of around 66 square metres located in the same building. The Sub-lease and the New Lease will constitute continuing connected transactions of the Company under the GEM Rules. The purpose of these sub-leases is to expand the Group’s presence in Japan and to accommodate the expected growth of operations after the Completion. The amount of rent payable under the New Lease has been determined in a manner similar to that under the Sub-lease, namely by reference to the number of workstations that are fitted into the subleased office premises. The Directors consider that the average rent per square metre payable under both the Sub-lease and the New Lease is no less favourable to the Group than that available from independent third parties. A summary of the principal terms of each of the Sub-lease and the New Lease is as follows:

SUB-LEASE

PREMISES	:	A total floor area of around 117.4 square metres located at the 5th Floor of Landic Akasaka Building, 2-3-4 Akasaka, Minato-ku, Tokyo, Japan
SUBLESSEE	:	R&C
SUBLESSOR	:	YOSHIMOTO
DATE	:	29 March 2002
EFFECTIVE PERIOD	:	From 1 April 2002 to 31 March 2005 (subject to termination by Yoshimoto giving a 3-month prior notice to R&C in the event of termination of the Head Lease)
RENT	:	Yen830,000 per month (equivalent to approximately HK\$55,000), payable at the end of each month (inclusive of utilities fees and use of equipment, but exclusive of consumption tax), subject to changes in rent or other fees payable under the Head Lease at the time of the next renewal of the Head Lease, which will take place on 31 March 2004 whereby the rent payable by R&C shall be adjusted on a pro rata basis
		The above rental was determined based on a total of 20 workstations fitted into the relevant office premises at Yen41,500 per workstation per month.
OTHERS	:	Yoshimoto will bill R&C monthly for electricity and water charges on a pro rata basis having regard to the number of workstations occupied by R&C under the Sub-lease as compared to the total number of workstations fitted into the office premises subject to the Head Lease.

R&C has paid to Yoshimoto electricity and water charges totalling approximately Yen338,000 (equivalent to approximately HK\$22,000) for the period from 29 March 2002, the date of the Sub-lease, to 30 June 2002.

NEW LEASE

- PREMISES : A total floor area of around 66 square metres located at the 5th Floor of Landic Akasaka Building, 2-3-4 Akasaka, Minato-ku, Tokyo, Japan
- SUBLESSEE : ROJAM JAPAN
- SUBLESSOR : YOSHIMOTO
- DATE : Soon after the shareholders' approval for the cap as proposed by the Directors below is obtained
- EFFECTIVE PERIOD : From the date of signing until 31 March 2005 (subject to termination by Yoshimoto giving a 3-month prior notice to R&C in the event of termination of the Head Lease)
- RENT : Yen600,000 per month (equivalent to approximately HK\$39,000), payable at the end of each month (inclusive of utilities fees and use of equipment, but exclusive of consumption tax), subject to changes in rent or other fees payable under the Head Lease at the time of the next renewal of the Head Lease, which will take place on 31 March 2004 whereby the rent payable by Rojam Japan shall be adjusted on a pro rata basis
- The above rental was determined based on a total of 14.5 workstations fitted into the relevant office premises at approximately Yen41,500 per workstation per month. The fraction represents a terminal fitted in the subleased premises.
- OTHERS : Yoshimoto will bill Rojam Japan monthly for electricity and water charges on a pro rata basis having regard to the number of workstations occupied by Rojam Japan under the New Lease as compared to the total number of workstations fitted into the office premises subject to the Head Lease

The rental in relation to the New Lease was determined by reference to open market rent in respect of the Landic Akasaka Building as quoted by an independent property agent on 7 August 2002. The Directors consider that the Sub-Lease and the New Lease are on normal commercial terms and in the normal course of business, and that their terms are fair and reasonable and in the interest of the shareholders of the Company as a whole.

As required under Rule 20.26 of the GEM Rules, the Sub-lease and the New Lease will be subject to shareholders' approval to the maximum aggregate annual value of rental payments and other charges as set by the Directors, which is not expected to exceed HK\$1,500,000 (representing approximately 0.8% of the net tangible assets of the Company as at 31 March 2002 and approximately 3.1% of the total turnover of the Company for the year ended 31 March 2002) for each of the three financial years ending 31 March 2005 on such conditions as set out under the paragraph headed "Conditions" below. The annual cap is derived by the Directors based on the aggregate of the expected annual rental payments as set out in each of the subleases as disclosed above and their expectation of annual electricity and water charges. At the time of the next renewal of the Head Lease, which will take place on 31 March 2004, the rent payable by R&C and Rojam Japan under the Sub-lease and New Lease respectively may be increased on a pro rata basis according to any changes in rent or other fees payable by Yoshimoto under the Head Lease and any such increase in the rental payment will be subject to the approval of the shareholders of the Company.

C) MASTER ARTIST PERFORMANCE AGREEMENT

Since October 2001, R&C has engaged a number of artists or groups of artists under Yoshimoto's management to perform in audio and audio-visual recordings, such as singles, albums, videos and DVDs. The fees paid by R&C to Yoshimoto were artist royalty payments calculated at royalty rates ranging from 2% to 20%, taking into account the sales of the audio and audio-visual recordings of the relevant artists or groups of artists, and the nature and duration of the performance.

R&C had paid approximately Yen 10.0 million (equivalent to approximately HK\$0.7 million) to Yoshimoto as artist royalty for the period from October 2001, the month in which R&C first engaged artists under Yoshimoto's management for performance, to 31 March 2002, and accrued, as at 31 July 2002, approximately Yen 4.3 million (equivalent to approximately HK\$0.3 million) as artist royalty payable to Yoshimoto, representing approximately 1.4% and 0.6% of the Group's total turnover for the year ended 31 March 2002 respectively.

After the Completion, R&C will continue to be liable to pay artist royalties arising from music performance engagements conducted before the Completion ("existing artist performance arrangements") to Yoshimoto on a perpetual basis as long as the sales of the audio and audio-visual recordings continue. As such, the existing artist performance arrangements will become and constitute continuing connected transactions under the GEM Rules. The Directors expect that the aggregate annual artist royalty payment to Yoshimoto under these existing artist performance arrangements will not exceed the higher of HK\$1,000,000 or 0.03% of the net tangible assets of the Company and hence, these existing artist performance arrangements will not be subject to any reporting, announcement and shareholders' approval requirement under the GEM Rules. The Directors believe that it is reasonable to anticipate a low level of royalty payments from these transactions, taking into account the general pattern of diminishing royalty payments over time after the releases of the relevant audio and audio visual recordings.

After the Completion, the Directors expect that R&C will enter into a master artist performance agreement ("Master Artist Performance Agreement") with Yoshimoto, which will act as the artist management company for artists under its management, to govern all future artist performance arrangements between R&C and Yoshimoto from the date of signing, which will be after the approval from independent shareholders of the Company is obtained, to 31 March 2005, and thereafter

renewable by mutual agreement for consecutive three year periods provided that the GEM Rules are complied with. R&C is liable to pay artist royalties for as long as the sales of the audio and audio visual recordings subject to the Master Artist Performance Agreement continue on a perpetual basis, even in the event that the Master Artist Performance Agreement expires or is terminated.

As the Directors expect that transactions of this nature will be entered into on an on-going and regular basis and consider that it would be impracticable for the Group to make disclosure and seek approval from the shareholders of the Company as and when they arise, the Directors believe that the entering into of the Master Artist Performance Agreement to govern activities in relation to the above arrangements with the relevant artists and Yoshimoto in the future will be in the interest of the Company and its shareholders as a whole. The Master Artist Performance Agreement, if entered into, will constitute connected transactions of the Company under the GEM Rules. A summary of the principal terms of the Master Artist Performance Agreement is as follows:

- Yoshimoto shall procure artist(s) managed by Yoshimoto and nominated by R&C from time to time to perform to enable the reproduction and distribution of records (which include, but not limited to, any analog disc records, compact discs, minidisks, digital audio discs and recorded tapes) or videogram (which includes, but not limited to, any video discs, video tapes or any other tangible medium for the purpose of playing back of visual or audiovisual recordings);
- R&C shall have the right to exclusively produce master-tapes embodying the above performance;
- Yoshimoto shall procure each selected artist to perform to the best of such artist's ability in accordance with R&C's instructions;
- Yoshimoto shall and shall procure that each selected artist cooperates with R&C in a positive manner; and
- R&C shall be exclusively and unconditionally assigned and transferred the physical ownership of the master-tapes, the neighboring right as a record producer, the copyright as a film producer and any other rights in or to the master-tapes as produced pursuant to the Master Artist Performance Agreement.

Pursuant to the Master Artist Performance Agreement, R&C will pay Yoshimoto artist royalties in connection with the sale of the audio and audio visual recordings as follows:–

(retail price net of consumption tax minus **Container Charge** for the container in which the record is packaged) times **Artist Royalty Rate** times **Sales Quantity**

where:

Container Charge shall be 15% of the retail price net of consumption tax.

Sales Quantity shall be 80% of the total shipment of the audio and audio visual recordings in numbers from the distributor's warehouse, taking into account the expected return of goods.

Artist Royalty Rate shall be within the range of 1% to 3%, and vary from artist to artist subject to mutual agreement between R&C and Yoshimoto, taking into account the estimated sales of the audio and audio visual recordings of the relevant artist. In the event of overseas (defined as countries other than Japan) sales, the Artist Royalty Rate will be one-third of the otherwise applicable rate. The artist royalty is payable by R&C within two months after the end of March and September of every calendar year, provided that the accrued artist royalty is over Yen5,000. Otherwise, the relevant amount will be payable in the next payment period. The Directors are of the view that the range of artist royalty rate of 1% to 3% is of normal commercial terms and is in the interest of the shareholders of the Company.

Artist royalty will accrue in respect of any and all audio and audio visual recordings performed by artists under Yoshimoto's management on a perpetual basis as copies of the relevant audio and audio visual recordings are sold.

The Group's entering into the Master Artist Performance Agreement will be subject to shareholders' approval to the maximum aggregate annual value as devised by the Directors, which is not expected to exceed HK\$2,000,000 (representing approximately 1.1% of the net tangible assets of the Company as at 31 March 2002 and approximately 4.1% of the total turnover of the Company for the year ended 31 March 2002) for the period from the Completion to 31 March 2003 and HK\$4,000,000 (representing approximately 2.2% of the net tangible assets of the Company as at 31 March 2002 and approximately 8.2% of the total turnover of the Company for the year ended 31 March 2002) for each of the two financial years ending 31 March 2005 on such conditions as set out under the paragraph headed "Conditions" below. The annual caps are derived by the Directors on the basis of the estimated release schedule of R&C in the current year and sales quantity. It is currently estimated that in the eight months ending 31 March 2003, R&C will release a total of around 30 titles of audio and audio-visual recordings. The Directors expect that, for each of the two years ending 31 March 2005, R&C will be able to maintain its current volume of music records released.

The Directors recognise that the caps as proposed above are relatively high compared with R&C's artist performance activities in the period up to 31 July 2002, but consider the cap as reasonable taking into account the estimated volume of R&C's record distribution business in the future after the Completion and on the assumption that around 50% of the titles of audio and audio visual recordings to be released by R&C will be performed by artists under Yoshimoto's management. Approximately 60% and 40% of the titles of audio and audio-visual recordings released by R&C in the period from 1 October 2001 to 31 March 2002 and the four months ended 31 July 2002 respectively were performed by artists under Yoshimoto's management.

D MASTER VIDEO PRODUCTION AGREEMENTS

In the past, R&C has engaged Yes Visions Co., Ltd ("Yes Visions") and Y's Vision Co., Ltd. ("Y's Vision") to produce videos for the promotion of artists for whom R&C has released music records, on an order by order basis. Yes Visions and Y's Vision are owned as to approximately 97% and 39% respectively by Yoshimoto and their principal business is the provision of video production services. The fees paid by R&C to each of Yes Visions and Y's Vision comprised the production costs for the videos, which were the out-of-pocket expenses relating to the production incurred by Yes Visions and Y's Vision respectively, plus administration costs fixed at 10% of such expenses. In February 2002 and April 2002 respectively, R&C engaged Y's Vision and Yes Visions to produce one music video for

Route 0 and one music video for West Side respectively. The fees paid by R&C to Y's Vision and Yes Visions amounted to Yen2.0 million (equivalent to approximately HK\$0.1 million) for the year ended 31 March 2002 and Yen2.6 million (equivalent to approximately HK\$0.2 million) for the four months ended 31 July 2002 respectively, representing approximately 0.3% and 0.4% of the Group's turnover for the year ended 31 March 2002 respectively.

After the Completion, the Directors expect that R&C will engage Yes Visions and Y's Vision to produce videos to complement R&C's future promotional activities in conjunction with its release of artists' music records and other products. In light of the impracticality of seeking shareholders' approval for each of such engagements as and when it arises, the Directors intend to enter into a master video production agreement ("Master Video Production Agreement") with each of Yes Visions and Y's Vision in order to govern any such future engagements.

Pursuant to the Master Video Production Agreements, each of Yes Visions and Y's Vision will produce (including the provision of video production services) for R&C, on an order by order basis, videos containing visual or audio-visual recordings (the "Videos") in accordance with the requirements and specifications of R&C, and in such form (including, but without limitation, VHS, VCD, CD-Rom, DVD and DVD-Rom) as specified by R&C, and transfer all rights, including (but without limitation) reproduction and distribution rights, in the Videos to R&C. Yes Visions' and Y's Vision's video production services will cover planning, directing, shooting for, recording of, selecting and editing the visual or audio-visual recordings to be contained in the Videos and other related works.

The terms of the Master Video Production Agreements will be from the date of signing, which will be after the obtaining of shareholders' approval, to 31 March 2005.

In consideration of the production (and the provision of video production services) of the Videos by Yes Visions and Y's Vision under the Master Video Production Agreements to the satisfaction of R&C, R&C will pay Yes Visions and Y's Vision production costs for the Videos, which will be Yes Visions' and Y's Vision's out-of-pocket expenses relating to the production plus administration costs fixed at 10% of such expenses. R&C will pay such production costs within 60 days from its receipt of the invoice issued by Yes Visions or Y's Vision, as the case may be.

The Directors are of the view that the Master Video Production Agreement between the R&C and each of Yes Visions and Y's Vision are made on normal commercial terms and that such terms are fair and reasonable so far as the shareholders of the Company are concerned. The Directors consider that the products of Yes Visions and Y's Vision demonstrate a high quality and the production crews of Yes Visions and Y's Vision have ample experience in working with the artists of Yoshimoto for which R&C has released and/or will release music records.

The Group's entering into the Master Video Production Agreements will be subject to shareholders' approval to the maximum aggregate annual value as devised by the Directors, which is not expected to exceed HK\$2,000,000 (representing approximately 1.1% of the net tangible assets of the Company as at 31 March 2002 and approximately 4.1% of the total turnover of the Company for the year ended 31 March 2002) for the aggregate of the Master Video Production Agreements for each of the three financial years ending 31 March 2005 on such conditions as set out under the paragraph headed "Conditions" below. It is noted that the annual consideration is derived by the Directors on

the basis of the estimated production schedule of R&C and production costs. It is currently estimated that in the eight months ending 31 March 2003, R&C will engage Yes Visions and Y's Vision to produce a total of around ten music videos.

The Directors recognise that the cap as proposed above is relatively high compared with R&C's video production projects in the period up to 31 July 2002, but consider the cap as reasonable taking into account the expected number of music video production projects to be undertaken by either Yes Vision and Y's Vision for R&C in the future after the Completion.

EXEMPT CONTINUING CONNECTED TRANSACTIONS

According to Rule 20.25(3) of the GEM Rules, connected transactions, which are entered into on normal commercial terms and are expected to amount to less than the higher of HK\$1,000,000 or 0.03% of the Company's net tangible assets, are considered as *de minimis* transactions and will be exempt from all the reporting, announcement and shareholders' approval requirements. The Company will be engaged in the following exempt continuing connected transaction after the Completion:

WEB PRODUCTION SERVICES

R&C has previously entered into two web production agreements with Fandango for its on-going web production services including design and production of content for websites of R&C, which include the corporate home page of R&C at www.randcjapan.com and the home page of R&C's GABALL label at www.gaball.com. Fandango is a company beneficially owned as to 65% by Yoshimoto and 35% by an independent third party and therefore, will be considered as a connected person of the Company after the Completion. The term of each of the agreements is from 1 April 2002 to 31 March 2005, subject to early termination by either party giving the other party three months' prior notice and they will constitute, upon Completion, continuing connected transactions of the Company under the GEM Rules. Under these agreements, Fandango shall charge R&C service fees (exclusive of consumption tax) which comprise the one-off home page renewal fees (Yen1 million and Yen1.5 million (equivalent to approximately HK\$0.1 million and HK\$0.1 million) respectively for the corporate home page of R&C and the home page of R&C's GABALL label respectively) and monthly home page updating and maintenance fees (Yen200,000 and Yen300,000 (equivalent to approximately HK\$13,000 and HK\$20,000) respectively for the corporate home page of R&C and the home page of R&C's GABALL label respectively).

Further, due to the Group's existing need for maintenance of its own corporate website, the Directors anticipate that the Group will enter into a similar arrangement with Fandango on a regular basis for its web design and production services in the future. Similarly, upon Completion and signing of a web production agreement between the Group and Fandango, the transaction will constitute a continuing connected transaction of the Company under the GEM Rules. Under the contemplated web production agreement to be entered into between Fandango and Rojam Japan, Fandango shall charge the Group monthly home page updating and maintenance fees of Yen400,000 (equivalent to approximately HK\$26,000).

The Directors are of the view that the web production agreements are made on normal commercial terms and that such terms are fair and reasonable so far as the shareholders of the Company are concerned.

As it is expected that the aggregate annual fees from these existing and contemplated web production agreements with Fandango (together, the “Web Production Agreements”) will not exceed the higher of HK\$1,000,000 or 0.03% of the net tangible assets of the Company, the Web Production Agreements will not be subject to any reporting, announcement and shareholders’ approval requirement under the GEM Rules.

The Directors will undertake to promptly notify the GEM Listing Division if the aggregate annual value of any of (i) the Existing Music Production Agreements and the existing music production arrangements, (ii) the existing artist performance arrangements and (iii) the Web Production Agreements exceeds the higher of HK\$1,000,000 or 0.03% of the net tangible assets of the Company for the period from the Completion to 31 March 2003 and in any of the future years and will comply with the reporting requirement set out in Rule 20.34 of the GEM Rules, the announcement requirement set out in Rule 20.35 of the GEM Rules and the shareholders’ approval requirement set out in Rule 20.36 of the GEM Rules, whichever is/are applicable.

REASONS FOR, AND BENEFITS OF, THE CONTINUING CONNECTED TRANSACTIONS

The Directors (including the independent non-executive Directors) believe that the terms of the Continuing Connected Transactions are made on an arm’s length basis and on normal commercial terms which are not less favourable to the Group than terms available to or from independent third parties. The Directors (including the independent non-executive Directors) believe that the Continuing Connected Transactions are made in the ordinary and usual course of business of the Group and are fair and reasonable and in the interest of the Company’s shareholders as a whole.

The Directors consider it to be in the best interest of the Company to adopt the terms of the relevant agreements and to approve the respective caps of the Continuing Connected Transactions as they will facilitate the smooth operations and growth of the Company’s business after the completion of the R&C Acquisition.

CONDITIONS

Under the GEM Rules, the Continuing Connected Transactions are considered to be “connected transactions” and would normally be subject to requirements of disclosure, shareholders’ approval and annual review under Chapter 20 of the GEM Rules. In view of the recurrent nature of these transactions, the Company will seek the approval of the shareholders of the Company of the respective caps of the above connected transactions for the three financial years ending 31 March 2005 on the condition that:

- (i)
 - (a) the aggregate amount relating to the Master Music Production Agreement does not exceed HK\$12,000,000 for the period from the Completion to 31 March 2003, and HK\$24,000,000 for each of the two years ending 31 March 2005;
 - (b) the aggregate amount relating to the Sub-lease and the New Lease does not exceed HK\$1,500,000 in any financial year;
 - (c) the aggregate amount relating to the Master Artist Performance Agreement does not exceed HK\$2,000,000 for the period from the Completion to 31 March 2003 and HK\$4,000,000 for each of the two years ending 31 March 2005; and

- (d) the aggregate amount relating to the Master Video Production Agreements does not exceed HK\$2,000,000 in any financial years;
- (ii) details of the Continuing Connected Transactions shall be disclosed in the Company's next published annual report and accounts pursuant to Rules 20.34 of the GEM Rules;
- (iii) the Company's independent non-executive Directors shall examine the transactions described in the above agreements every year and make their confirmation in the Company's annual report and accounts that:
 - (a) the Continuing Connected Transactions are entered into in the ordinary and usual course of business of the Group as defined under Rule 20.09(12) of the GEM Rules;
 - (b) the Continuing Connected Transactions are entered into either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms not less favourable to the Group than terms available to or from (as appropriate) independent third parties;
 - (c) the Continuing Connected Transactions are entered into in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interest of the shareholders of the Company as a whole; and
 - (d) the value of each of the Continuing Connected Transactions in any one financial year have not exceeded the cap as set out in paragraph (i) above;
- (iv) the auditors of the Company shall review annually the Continuing Connected Transactions and provide the Directors with a letter, a copy of which will be provided to the Stock Exchange, stating that the Continuing Connected Transactions:
 - (a) have been approved by the Directors;
 - (b) are in accordance with the pricing policies of the Company if the transactions involve provision of goods or services by the Group;
 - (c) have been entered into in accordance with the relevant agreement governing the transactions; and
 - (d) have not exceeded the caps referred to in paragraph (i) above;
- (v) the Company and each party to the transactions described in the above agreements have undertaken to provide sufficient facility for the Company's auditors to inspect their respective accounts and records, thus enabling the auditors to assess the above connected transactions and make the relevant reports;
- (vi) the Company has undertaken to promptly notify the GEM Listing Division if it knows or has reason to believe that the independent non-executive Directors and/or the auditors will be unable to confirm the matters set out in Rules 20.27 and/or 20.28 of the GEM Rules, respectively; and

- (vii) where the cap in any year is to be greater than the higher of HK\$10,000,000 or 3% of the net tangible assets of the Company, the transaction(s) and the cap are subject to review and re-approval by the shareholders of the Company at the annual general meeting following the initial approval and at each subsequent annual general meeting so long as the transaction(s) continue(s). The independent non-executive Directors will be required to opine in the annual report whether or not the Company should continue with the agreement(s) for the transaction(s).

In the event of any amendments to the terms of the Continuing Connected Transactions (unless as provided for under the terms of the relevant agreements, documents or arrangements), the Company undertakes to comply with the provisions of Chapter 20 of the GEM Rules, unless the Company reports to the GEM Listing Division and is granted an exemption.

FURTHER INFORMATION ABOUT THE COMPANY

The Group is an integrated music production house engaging in a wide range of music-related operations including music production, music publishing, record distribution, artist and event management, trademark licensing, music learning centres and music entertainment portals.

CONNECTIONS BETWEEN THE PARTIES IN THE CONTINUING CONNECTED TRANSACTIONS AND THEIR RESPECTIVE BACKGROUND

Yoshimoto is a company incorporated in Japan, the shares of which are listed on the Tokyo Stock Exchange Section I and Osaka Securities Exchange Section I with a market capitalisation of approximately Yen37.2 billion (equivalent to approximately HK\$2.4 billion) as at 29 August 2002. Yoshimoto is one of Japan's major entertainment companies. Its operations include planning, production and sale of TV, radio and live programs using many entertainers under its management and also management of real estate, travel, amusement and other commercial entertainment facilities.

R&C was incorporated in Japan on 24 May 2001 to become Yoshimoto's popular music arm and is focusing on popular music recording and master-tape rights licensing in Japan. R&C's business consists of strategising and organising the production of music recordings and master-tapes, and strategising and organising the pressing, advertising, promotion and distribution of CDs (or other relevant products such as DVDs) such as volume of merchandise to be produced, and the method to be advertised, promoted and distributed to retail outlets such as music stores.

Save for the transactions contemplated under the Share Agreement, Yoshimoto is independent of and not connected with any of the Company, the Directors, chief executive, substantial shareholders or management shareholders of the Company and its subsidiaries or any of their respective associates.

Upon completion of the R&C Acquisition, which is subject to fulfillment or waiver of certain conditions as set out in the Share Agreement, Yoshimoto will become a substantial shareholder of the Company and therefore any transaction between the Group and Yoshimoto (and its associates) will constitute a connected transaction of the Company.

R&C, which currently is an indirectly wholly owned subsidiary of Yoshimoto, will become a connected person after the completion of the R&C Acquisition as R&C will become an indirectly non-wholly owned subsidiary of the Company (and Yoshimoto will be indirectly interested in 20% of the issued share capital of R&C). As such, any transaction between the Group (other than R&C) and R&C will constitute a connected transaction of the Company.

EXTRAORDINARY GENERAL MEETING AND CIRCULAR TO SHAREHOLDERS

The above maximum aggregate annual amounts of the Continuing Connected Transactions will require approval by the shareholders of the Company by way of poll at an extraordinary general meeting of the Company to be convened. Details of the Continuing Connected Transactions and the terms of the relevant agreements, a letter of recommendation from the independent board committee of the Company, a letter of advice by an independent financial adviser to the independent board committee and a notice to the Company's shareholders convening an extraordinary general meeting will be contained in a circular to be despatched to the shareholders of the Company within 21 days of publication of this announcement pursuant to the GEM Rules.

DEFINITIONS

“associates”	has the same meaning ascribed thereto in the GEM Rules
“cap”	means the maximum annual aggregate value of a transaction
“Directors”	means the board of directors of the Company (including the independent non-executive directors of the Company)
“CD(s)”	means compact disk(s)
“CD-Rom”	means read-only-memory compact disk
“Company”	means Rojam Entertainment Holdings Limited, a company incorporated in the Cayman Islands whose shares are listed on GEM
“Completion”	means completion of the Share Agreement by the parties thereto, which is expected to take place on or before 30 September 2002
“Continuing Connected Transactions”	means the non-exempt continuing connected transactions contemplated under the Master Music Production Agreement, the Sub-lease, the New Lease, the Master Artist Performance Agreement and, the Master Video Production Agreements
“DVD(s)”	means digital versatile disk(s)
“DVD-Rom”	means read-only-memory digital versatile disk
“Existing Music Production Agreements”	means the three music production agreements entered into between R&C and Rojam Japan, one of which was dated 1 August 2001 and the remaining two were both dated 1 January 2002

“Fandango”	means Fandango, Inc., a company owned as to 65% by Yoshimoto
“GEM”	means the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited
“GEM Rules”	means the Rules Governing the Listing of Securities on GEM
“Group”	means the Company and its subsidiaries
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	means the Hong Kong Special Administrative Region of the People’s Republic of China
“R&C”	means R&C Japan Ltd., a company incorporated in Japan on 24 May 2001
“R&C Acquisition”	means the acquisition by the Company of 80% of the entire issued share capital of Yoshimoto Music from Yoshimoto on the terms and subject to the conditions set out in the Share Agreement
“Rojam Japan”	means Rojam Japan Limited, a wholly owned subsidiary of the Company incorporated in Japan
“Share Agreement”	means the sale and purchase agreement dated 20 June 2002 in relation to the R&C Acquisition, as amended by a supplemental agreement dated 29 July 2002
“Shares”	means ordinary shares of HK\$0.10 each in the capital of the Company
“TV”	means television
“VCD”	means video compact disk
“VHS”	means VHS video tape
“Yen”	means Japanese Yen, the lawful currency of Japan
“Yoshimoto”	means Yoshimoto Kogyo Co., Ltd., a company incorporated in Japan and listed on the Tokyo Stock Exchange Section I and the Osaka Securities Exchange Section I and is independent from the Directors, chief executive, substantial shareholders or management shareholders of the Company or any of their respective associates
“Yoshimoto Music”	means Yoshimoto Music Holdings, Inc., a company incorporated in Delaware, the United States of America on 24 April 2002 and currently owns the entire issued share capital in R&C

For the purpose of illustration only, amounts denominated in Japanese Yen have been translated into Hong Kong dollars at the following rate: HK\$1 = Yen15.2.

By Order of the Board of
Rojam Entertainment Holdings Limited
Tetsuya Komuro
Chairman

Hong Kong, 29 August 2002

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