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## **CONNECTED TRANSACTION IN RESPECT OF LOAN TO BILLION MOMENT LIMITED**

The Company has paid, on behalf of Billion Moment, an initial management shareholder of the Company, its share of the fees and expenses in connection with the Listing of the Company.

The transaction constituted a connected transaction of the Company under Chapter 20 of the GEM Rules. The Company inadvertently failed to fulfill the requirement for connected transactions under the GEM Listing Rules and realised this oversight in the middle of May 2002 when preparing its financial statements for the year ended 31 March 2002.

The Company's oversight constituted a breach of Chapter 20 of the GEM Rules and the Stock Exchange is conducting further enquiries into this matter. The Stock Exchange reserves its right to take appropriate action on this matter.

### **THE LOAN**

Pursuant to the Underwriting Agreement, the Listing expenses of the Company and Billion Moment should be shared between them in proportion to the number of shares of the Company placed by them under the Listing. The share of expenses payable by Billion Moment was HK\$5,128,441 and should have been deducted from the gross Listing proceeds payable to Billion Moment. However, the said sum was deducted on 31 May 2001 from the Listing proceeds payable to the Company pursuant to the Letter.

According to the Sponsor, although the Letter was addressed to the Sponsor, the Sponsor had not received the Letter and instead, only Core Pacific-Yamaichi International (H.K.) Limited, the lead manager of the Listing, received the Letter and had acted in accordance with the Letter. The Letter has not been approved by the board of directors of the Company and no board meeting was held. The Company would take legal advice on the implications of the Letter and take all necessary action in case the Loan is not fully repaid to the Company.

Billion Moment's share of expenses paid by the Company has been recorded in the books of the Company as a loan from the Company to Billion Moment. The Company inadvertently failed to fulfill the requirement for connected transactions and realised this oversight in the middle of May 2002 when preparing its financial statements for the year ended 31 March 2002. At that time, there was no acknowledgement of how and when the Loan would be repaid and, after discussion between the Company and Billion Moment, the Company received a written acknowledgement from Billion Moment on 13 June 2002 with respect to its liability to repay the Loan and that the Loan would bear interest at prime rate(s) prevailing in Hong Kong from 31 May 2001 to the actual date of repayment.

Since receiving Billion Moment's acknowledgement of its indebtedness pursuant to the Loan, the Company had been demanding Billion Moment to repay the Loan. On 23 June 2002, the Company received two cheques from the shareholders of Billion Moment in the total sum of HK\$5,433,710, representing the principal amount plus accrued interest of the Loan. One of the cheques in the sum of HK\$543,370 was dated 23 June 2002 and the other in the sum of HK\$4,890,340 was dated 5 July 2002. The cheque in the sum of HK\$543,370 has already been cleared and the latter cheque was dated 5 July 2002 to allow the physical delivery of that cheque from Japan to Hong Kong and to facilitate the transfer of funds. A further announcement will be released in relation to clearance of the post-dated cheque.

The Loan constituted a connected transaction of the Company under Chapter 20 of the GEM Rules. The Company has included details of the Loan in its annual report and accounts which were despatched to its shareholders on 29 June 2002.

So far as the Company is aware, Billion Moment is interested in 75,883,333 shares of the Company (representing approximately 6.87% of the issued capital of the Company) and is beneficially owned as to 90% by Mr. Kebo Wu and as to 10% by Ms. Cheng Wing Ki, Aouda, the spouse of Mr. Wong Ho Yan, Daniel. Both Mr. Wu and Mr. Wong are ex-directors of the Company who resigned from the board of directors of the Company with effect from 12 January 2002. Ms. Cheng Wing Ki, Aouda is also one of the initial management shareholders of the Company by virtual of her interest in Billion Moment and her interest in 5,306,000 shares of the Company (representing approximately 0.48% of the issued capital of the Company).

## **GENERAL**

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.

The Company's oversight constituted a breach of Chapter 20 of the GEM Rules and the Stock Exchange is conducting further enquiries into this matter. The Stock Exchange reserves its right to take appropriate action on this matter.

## DEFINITIONS

“Billion Moment”	means Billion Moment Limited
“Company”	means Rojam Entertainment Holdings Limited, a company incorporated in the Cayman Islands whose shares are listed on GEM
“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
“Letter”	means a letter dated 28 May 2001 from the Company to the Sponsor and signed by Mr. Wong Ho Yan, Daniel, an ex-director of the Company, instructing the Sponsor to, among others, pay Billion Moment the gross Listing proceeds attributable to Billion Moment’s sale shares and deduct the share of expenses payable by Billion Moment from the Listing proceeds payable to the Company
“Listing”	means the initial listing of the Company’s shares on GEM by way of placing of new shares and existing shares of the Company pursuant to the Company’s prospectus dated 24 May 2001
“Loan”	means the loan by the Company to Billion Moment in the principal sum of HK\$5,128,441 plus interest thereon at prime rate(s) prevailing in Hong Kong from 31 May 2001, being the date of Listing, to the actual date of repayment
“Sponsor”	means Core Pacific-Yamaichi Capital Limited, the sponsor of the Company
“Underwriting Agreement”	means the underwriting and placing agreement dated 23 May 2001 entered into by, among others, the Company, Billion Moment and the Sponsor

By Order of the Board of  
**Rojam Entertainment Holdings Limited**  
**Etsuko Hoshiyama**  
Company Secretary

Hong Kong, 5 July 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](http://www.rojam.com).*