



Stock Code: 8075

Website: www.rojam.com

**THIRD QUARTERLY RESULTS ANNOUNCEMENT
For the nine months ended 31 December 2006**

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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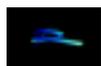
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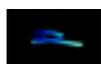
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This announcement, for which the directors of Rojam Entertainment Holdings Limited (the “Directors”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) for the purpose of giving information with regard to Rojam Entertainment Holdings Limited. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

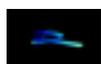
HIGHLIGHTS



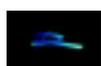
Turnover for the nine months ended 31 December 2006 amounted to approximately HK\$349.6 million, being approximately 2% decrease from approximately HK\$355.8 million compared with the corresponding period of previous year.



Loss attributable to the equity holders amounted to approximately HK\$4.6 million for the nine months ended 31 December 2006, compared to profit attributable to the equity holders of approximately HK\$25.8 million in the corresponding period of previous year.



Basic loss per share for the nine months ended 31 December 2006 was approximately 0.2 HK cent, compared to earnings per share of approximately 1.7 HK cents in the same period of last year.



The Board does not recommend the payment of an interim dividend for the nine months ended 31 December 2006.

RESULTS

The board of directors (the “Board”) of Rojam Entertainment Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) is pleased to present the unaudited consolidated results of the Group for the three months and nine months ended 31 December 2006 together with the comparative unaudited figures for the corresponding periods in 2005.

	Note	Unaudited Three months ended 31 December		Unaudited Nine months ended 31 December	
		2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000
Turnover	2	157,658	67,631	349,615	355,827
Cost of sales		(127,676)	(43,016)	(244,094)	(216,272)
Gross Profit		29,982	24,615	105,521	139,555
Selling and distribution expenses		(32,955)	(16,796)	(80,529)	(64,782)
Other operating expenses		(15,326)	(8,735)	(34,208)	(29,154)
Other loss, net		(57)	(26)	(97)	(118)
Operating (loss)/profit		(18,356)	(942)	(9,313)	45,501
Finance income		516	164	1,417	508
(Loss)/profit before income tax		(17,840)	(778)	(7,896)	46,009
Income tax credit/(expenses)	3	6,924	1,097	3,290	(20,202)
(Loss)/profit for the period and attributable to the equity holders of the Company		(10,916)	319	(4,606)	25,807
(Loss)/earnings per share for loss/profit attributable to the equity holders of the Company during the period (expressed in HK cent) – basic and diluted	4	(0.6) cent	–	(0.2) cent	1.7 cents
Dividends	6	–	–	–	–

Notes:

1. Basis of preparation and accounting policies

The Company is a limited liability company incorporated in the Cayman Islands on 29 February 2000. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company's shares were listed on GEM on 31 May 2001. The Group is principally engaged in record production and distribution, digital distribution and discotheque operation.

These unaudited consolidated results should be read in conjunction with the Company's 2005/2006 annual report.

These unaudited consolidated accounts have been prepared in accordance with Hong Kong Financial Reporting Standard (HKFRS) issued by the Hong Kong Institute of Certified Public Accountants and applicable disclosure requirements of the GEM Listing Rules. The accounting policies and methods of computation used in the preparation of the unaudited consolidated accounts are consistent with those used in the annual financial statements for the year ended 31 March 2006. The unaudited consolidated accounts have not been audited by the Company's auditors, but have been reviewed by the Company's audit committee.

2. Turnover and revenue

The amounts of each significant category of revenue recognised during the three months and nine months ended 31 December 2006 are as follows:

	Unaudited		Unaudited	
	Three months ended		Nine months ended	
	31 December		31 December	
	2006	2005	2006	2005
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover				
Record production and distribution income	152,801	63,059	331,296	341,030
Digital distribution income	754	372	7,008	957
Discotheque income	2,878	3,766	8,979	11,855
Others	1,225	434	2,332	1,985
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	<u>157,658</u>	67,631	<u>349,615</u>	355,827

3. Income tax credit/expenses

No provisions for Hong Kong profits tax has been made as the Company and its subsidiaries in Hong Kong have no assessable profits for the current and prior periods. No provision for United States income tax has been made as the subsidiary in the United States of America has no assessable profit for the current and prior periods.

The Japanese corporate income tax has been provided on the assessable profits of the Group's subsidiaries in Japan and is calculated at the applicable rates, ranging from 6.2% to 30%. The People's Republic of China (the "PRC") taxation has been provided on the assessable profit of the Group's subsidiary in the PRC and calculated at the applicable rate of 15%.

The amount of income tax (credited)/charged to the unaudited consolidated income statement represents:

	Unaudited Three months ended 31 December 2006		Unaudited Nine months ended 31 December 2006	
	HK\$'000	2005 <i>HK\$'000</i>	HK\$'000	2005 <i>HK\$'000</i>
Current income tax				
– Japanese corporate income tax	16	(1,284)	788	20,981
– PRC enterprise income tax	–	152	14	441
Deferred income tax	(6,940)	35	(4,092)	(1,220)
Income tax (credit)/expenses	<u>(6,924)</u>	<u>(1,097)</u>	<u>(3,290)</u>	<u>20,202</u>

4. Loss/earnings per share

Basic

Basic loss/earnings per share is calculated by dividing the loss/profit attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Unaudited Three months ended 31 December 2006		Unaudited Nine months ended 31 December 2006	
	HK\$'000	2005 <i>HK\$'000</i>	HK\$'000	2005 <i>HK\$'000</i>
(Loss)/profit attributable to the equity holders of the Company (HK\$'000)	<u>(10,916)</u>	319	<u>(4,606)</u>	25,807
Weighted average number of ordinary shares in issue (thousands)	<u>1,926,114</u>	1,554,684	<u>1,851,828</u>	1,554,684
Basic (loss)/earnings per share (HK cent)	<u>(0.6)</u>	–	<u>(0.2)</u>	1.7

Diluted

	Unaudited Three months ended 31 December 2006 Note		Unaudited Nine months ended 31 December 2006 Note	
	2005	2005	2005	2005
(Loss)/profit attributable to the equity holders of the Company (HK\$'000)	<u>(10,916)</u>	<u>319</u>	<u>(4,606)</u>	<u>25,807</u>
Weighted average number of ordinary shares in issue (thousands)	<u>1,926,114</u>	<u>1,554,684</u>	<u>1,851,828</u>	<u>1,554,684</u>
Adjustments for share options (thousands)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Weighted average number of ordinary shares for diluted loss/earnings per share (thousands)	<u>1,926,114</u>	<u>1,554,684</u>	<u>1,851,828</u>	<u>1,554,684</u>
Diluted (loss)/earnings per share (HK cent)	<u>(0.6)</u>	<u>-</u>	<u>(0.2)</u>	<u>1.7</u>

5 Reserves

	Unaudited Attributable to equity holders of the Company (Accumulated losses)/ retained earnings			
	Share premium HK\$'000	Exchange reserve HK\$'000	Total HK\$'000	Total HK\$'000
Balance at 1 April 2005	148,329	(8,302)	(7,335)	132,692
Exchange adjustment on translation of financial statements of overseas subsidiaries	-	(9,599)	-	(9,599)
Final dividend for the year ended 31 March 2005	-	-	(18,656)	(18,656)
Profit for the nine months ended 31 December 2005	-	-	25,807	25,807
Balance at 31 December 2005	<u>148,329</u>	<u>(17,901)</u>	<u>(184)</u>	<u>130,244</u>
Balance at 1 April 2006	148,329	(18,212)	14,175	144,292
Premium on issue of shares	79,857	-	-	79,857
Share issue expenses	(908)	-	-	(908)
Exchange adjustment on translation of financial statements of overseas subsidiaries	-	(1,683)	-	(1,683)
Loss for the nine months ended 31 December 2006	-	-	(4,606)	(4,606)
Balance at 31 December 2006	<u>227,278</u>	<u>(19,895)</u>	<u>9,569</u>	<u>216,952</u>

6. Interim dividend

The Board does not recommend the payment of an interim dividend for the nine months ended 31 December 2006 (2005: Nil).

BUSINESS REVIEW AND PROSPECT

Financial Highlights

	Third Quarter (Oct to Dec 2006) HK\$'M	Second Quarter (Jul to Sep 2006) HK\$'M	First Quarter (Apr to Jun 2006) HK\$'M	Total HK\$'M
Turnover	157.7	126.8	65.1	349.6
Cost of sales	(127.7)	(78.0)	(38.4)	(244.1)
Gross profit	30.0	48.8	26.7	105.5
Operating expenditures*	(48.3)	(39.7)	(26.8)	(114.8)
(Loss)/profit before income tax	(17.8)	9.7	0.3	(7.8)
Income tax credit/(expenses)	6.9	(3.9)	0.2	3.2
(Loss)/profit attributable to the equity holders	(10.9)	5.8	0.5	(4.6)

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

	Third Quarter (Oct to Dec 2005) HK\$'M	Second Quarter (Jul to Sep 2005) HK\$'M	First Quarter (Apr to Jun 2005) HK\$'M	Total HK\$'M
Turnover	67.6	169.3	118.9	355.8
Cost of sales	(43.0)	(98.1)	(75.1)	(216.2)
Gross Profit	24.6	71.2	43.8	139.6
Operating expenditures*	(25.6)	(37.7)	(30.8)	(94.1)
Profit/(loss) before income tax	(0.8)	33.7	13.1	46.0
Income tax credit/(expenses)	1.1	(15.4)	(5.9)	(20.2)
Profit attributable to the equity holders	0.3	18.2	7.3	25.8

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

Sales by Business Segments

	Third Quarter (Oct to Dec 2006)		Second Quarter (Jul to Sep 2006)		First Quarter (Apr to Jun 2006)		Total	
	HK\$'M	%	HK\$'M	%	HK\$'M	%	HK\$'M	%
Record production and distribution	152.8	97	121.7	96	56.8	87	331.3	95
Digital Distribution	0.8	–	1.3	1	4.9	8	7.0	2
Discotheque	2.9	2	3.0	2	3.1	5	9.0	2
Others	1.2	1	0.8	1	0.3	–	2.3	1
Total	157.7	100	126.8	100	65.1	100	349.6	100
	Third Quarter (Oct to Dec 2005)		Second Quarter (Jul to Sep 2005)		First Quarter (Apr to Jun 2005)		Total	
	HK\$'M	%	HK\$'M	%	HK\$'M	%	HK\$'M	%
Record production and distribution	63.1	93	164.7	97	113.3	95	341.1	95
Digital Distribution	0.4	1	0.4	1	0.1	–	0.9	1
Discotheque	3.8	6	4.0	2	4.1	4	11.9	3
Others	0.3	–	0.2	–	1.4	1	1.9	1
Total	67.6	100	169.3	100	118.9	100	355.8	100

Financial Review

Turnover for the nine months ended 31 December 2006 amounted to approximately HK\$349.6 million, being a slight 2% decrease from approximately HK\$355.8 million for the corresponding period of last year.

The loss attributable to the equity holders of the Company for the nine months ended 31 December 2006 was approximately HK\$4.6 million, compared to the profit attributable to the equity holders for the nine months ended 31 December 2005 amounted to approximately HK\$25.8 million.

The decrease in turnover was mainly due to the additional sales return provisions made for the new distribution channel and the depreciation of Japanese Yen. Since March 2006, the Group has started to distribute its DVDs to the rental shops in Japan who would then rent the DVDs to individual customers. As the levels of rental of the Group's DVDs did not reach the original expected levels after recent assessments, additional sales return provisions were required for this new distribution channel.

The loss was resulted from the increase in expenditures. The overall gross profit margin for the nine months ended 31 December 2006 was approximately 30%, being 9% dropped from approximately 39% for the corresponding period in last year. The drop was primarily due to the increase in additional advance payments and royalties paid to the artistes and written off of certain inventories and record masters. The increase of selling and distribution expenses was due to the increase of total sales commissions paid to the sales agents. The increase of the operating expenses was mainly due to the professional fees incurred for the migration exercise to the Main Board.

At 31 December 2006, the Group had a cash balance of approximately HK\$83.4 million, an approximately 37% decline compared to approximately HK\$131.0 million at 30 September 2006 as a result of the cash used in operating activities.

Operation Review

Record production and distribution

The production and distribution of audio and audio-visual products business reported revenue of approximately HK\$331.3 million for the nine months ended 31 December 2006, being approximately 3% decrease from approximately HK\$341.1 million for the corresponding period of last year. Turnover from the record production and distribution represented approximately 95% of the total turnover for the nine months ended 31 December 2006.

R&C released a total of 56 music records and 45 DVDs during the nine months ended 31 December 2006, compared to 62 music records and 51 DVDs during the nine months ended 31 December 2005. Titles which have reached high ranking on the ORICON chart in Japan included Downtown's DVD “ダウンタウンのガキの使いやあらへんで！！放送800回突破記念DVD永久保存版≥（罰）”, Hitoshi Matsumoto's DVDs “人志松本のすべらない話” and its sequel, Taka and Toshi's DVD “Taka and Toshi Yose Euro-America Tour 2006”, as' DVD “つばさ祭'06-秘密の陣”, Koji Imada's DVD “やりすぎコージー-DVD BOX I”, Various artistes' DVD “NAOKI URASAWA PRESENTS Happy! 完全版”, Gorie's third single namely “恋のPecori♥Lesson”, and Kuzu's CD “夏の日々と親父の笑顔”.

Digital distribution

Digital distribution business reported revenue of approximately HK\$7.0 million for the nine months ended 31 December 2006, being six times increase from approximately HK\$0.9 million for the corresponding period of last year. The revenue from the digital content distribution business accounted for approximately 2% of the total turnover of the Group for the nine months ended 31 December 2006. The Group continues to distribute its content through the mobile networks of Fandango and a number of digital distribution agents in Japan. Approximately 9% of the revenue of the revenue was generated by using Fandango's network, while the remaining 91% was generated by using other third parties' networks.

Rojam Disco

The discotheque business reported revenue of approximately HK\$9.0 million for the nine months ended 31 December 2006, representing a decline of approximately 24% when compared to approximately HK\$11.9 million in the corresponding period of last year. The discotheque income accounted for approximately 2% of the total turnover of the Group for the nine months ended 31 December 2006.

Rojam Disco currently organized its first audition program for scouting new potential Chinese artistes. A number of candidates were selected for further training. Rojam Disco has hired teachers specializing in singing and dancing to train these chosen candidates. It is expected that the debut performance of these new artistes at Rojam Disco will be in mid-2007. The Group then intends to distribute the songs and performance videos of these new artistes through its digital distribution business.

Prospect

The revenue generated from the record production and distribution business was impacted by the increase in the cost of sales. The Group is cautiously optimistic about the prospects of the Group for the remaining of the financial year owing to the intense market competition in the Group's business. Going forward, the Group will look for opportunities to expand its revenue base and explore new markets.

On 30 January 2007, the Company entered into a conditional Sale and Purchase Agreement to dispose the entire issued share capitals (the "Disposal") of Fandango U.S.A., Inc., a wholly-owned subsidiary of the Company, and its subsidiaries including R&C (the "Fandango USA Group") to Fandango, Inc. The Disposal constitutes a very substantial disposal and a connected transaction for the Company under the GEM Listing Rules and is subject to the approval of the independent shareholders of the Company. The management considers that the Disposal represents a good opportunity to realise the present value of the Fandango USA Group and refocus the Group's operating strategies. Details of the Disposal are set out in the announcement of the Company dated 13 February 2007.

The Group continues to focus on and expand its discotheque business in the PRC. The Group's second discotheque is expected to commence operations in March 2007. The premises are currently under renovation. In addition, the Group will also focus its operations on the music industry in the PRC through the digital distribution of music. In January, the Group has entered into a non-binding memorandum of understanding with certain PRC value-added telecommunication service providers to jointly explore digital music distribution business opportunities in the PRC.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

At 31 December 2006, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying share and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred

to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Interests in the shares of the Company

Name of Director	Capacity	Number of shares (Note)	Approximate percentage of the Company's total issued share capital
Mr. Takeyasu Hashizume	Beneficial owner	6,658,000 (L)	0.35%
Mr. Hiroshi Osaki	Beneficial owner	3,442,000 (L)	0.18%
Mr. Yukitsugu Shimizu	Beneficial owner	430,000 (L)	0.02%

Note: The letter "L" denotes Director's long position in the shares of the Company.

Save as disclosed above, at 31 December 2006, none of the Directors, chief executives of the Company or their respective associates (as defined in the GEM Listing Rules) was deemed to have any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO or which, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange.

Save as disclosed above, at no time during the nine months ended 31 December 2006 was the Company, its holding companies or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors and chief executives of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or its associated corporation.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

The register of substantial shareholders maintained under section 336 of the SFO shows that as at 31 December 2006, the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital:

Interests in the shares of the Company

Name of shareholder	Nature of interest	Number of shares <i>(Note 1)</i>	Approximate percentage of the Company's total issued share capital
Yoshimoto America, Inc.	Beneficial owner	450,000,000 (L)	23.36%
Fandango, Inc. <i>(Note 2)</i>	Beneficial owner and interest of a controlled corporation	1,425,096,167 (L)	73.99%
Yoshimoto Kogyo Co., Ltd. <i>(Note 3)</i>	Interest of a controlled corporation	1,425,096,167 (L)	73.99%

Notes:

1. The letter "L" denotes the shareholder's long position in the shares of the Company.
2. Yoshimoto America, Inc. is a wholly-owned subsidiary of Fandango, Fandango is deemed to have interest in the 450,000,000 shares in the Company held by Yoshimoto America, Inc. in addition to 975,096,167 shares in the Company directly held by itself.
3. Fandango is controlled as to approximately 55.53% by Yoshimoto. Accordingly, Yoshimoto is interested in 1,425,096,167 shares in the Company by attribution.

Save as disclosed above, at 31 December 2006, the Directors or chief executives of the Company were not aware of any other person (other than the Directors or chief executives of the Company) who had an interest or short position in the shares or underlying shares of the Company under section 336 of the SFO.

DIRECTORS' INTEREST IN COMPETING BUSINESS

Mr. Yukitsugu Shimizu and Mr. Hiroshi Osaki, executive Directors, are directors of Yoshimoto, a substantial shareholder of the Company, and certain of its associates (as defined in the GEM Listing Rules). Mr. Yukitsugu Shimizu and Mr. Hiroshi Osaki beneficially own approximately 0.03% and 0.02% interests in Yoshimoto, respectively. Pursuant to two deeds of non-competition undertakings, both dated 10 October 2002, as each amended by supplemental deeds dated 28 September 2004 and 28 June 2006 respectively, and entered into between Yoshimoto and each of (i) the Company and (ii) R and C Ltd. ("R&C"), Yoshimoto irrevocably and unconditionally undertakes to each of the Company and R&C that, unless with the written consent of the Company or R&C (as the case may be) or except for certain circumstances, it will not and will procure that its subsidiaries and associates will not, carry on or be engaged, concerned or interested directly or indirectly in the production of master tapes and licensing of such master tape rights.

Save as disclosed above, none of the Directors or the management shareholders of the Company (as defined in the GEM Listing Rules) have any interest in a business, which competes or may compete with the business of the Group or had any other conflict of interests with the Group.

AUDIT COMMITTEE

The Company established an audit committee on 21 May 2001 with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The audit committee has three members comprising the three independent non-executive Directors of the Company, namely Mr. Seiichi Nakaoda, Mr. Kwong Pui Kei and Mr. Law Kar Ping. The audit committee has reviewed the accounting principles and practices adopted by the Group and the unaudited consolidated financial information for the nine months ended 31 December 2006.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the nine months ended 31 December 2006.

By Order of the Board
Takeyasu Hashizume
President

Hong Kong, 14 February 2007

As at the date of this announcement, the Board comprises six executive Directors, namely Mr. Takeyasu Hashizume, Mr. Tetsuo Mori, Mr. Osamu Nagashima, Mr. Mitsuo Sakauchi, 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 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.