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Website: www.rojam.com

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31ST MARCH 2004

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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



Revenue for the year grew by 93% from HK\$129.5 million to HK\$249.3 million.



Record distribution turnover reached HK\$224.6 million, a 164% increase from HK\$85.1 million in the last year.



Music production revenue dropped by 43% to HK\$22.2 million from HK\$38.7 million.



Profit attributable to shareholders amounted to HK\$7.3 million, a 120% increase compared to HK\$3.3 million in the previous year.



Positive cash flow of HK\$10.4 million was achieved for the year.



Basic earnings per share was 0.5 HK cent, compared to 0.3 HK cent of last year.

PRESIDENT'S STATEMENT

Financial Highlights

In the financial year of 2003/2004, I am pleased to report that the Group had another very successful year and achieved a robust turnover. The turnover increased by 93% from HK\$129.5 million to HK\$249.3 million. The Group attained profitability since the second quarter of the financial year. Profit before taxation for the year amounted to HK\$11.1 million, representing a slight 5% increase from HK\$10.6 million of the last year. Profit attributable to shareholders was HK\$7.3 million, a 120% increase compared with HK\$3.3 million for the previous year. Positive cash flow of HK\$10.4 million was achieved for the year. Basic earnings per share was 0.5 HK cent, compared to 0.3 HK cent of last year.

Business Review

The sudden outbreak of SARS in Hong Kong and in the mainland China during the first quarter of the financial year and the hardships associated with it had a negative impact on nearly all sectors of the economy in the regions, and proven particularly disastrous to the entertainment and catering sectors. Our discotheque business in Shanghai was no exception to this sudden impact. We responded to this challenging moment with a number of proactive measures including escalating our renovation program, tightening operating expenses and re-designing advertising and promotional activities during the down time. The viral epidemic has disrupted our discotheque's first quarter result, but a rebound was observed in the subsequent quarters. Number of admissions jumped from 40,000 in the first quarter to over 60,000 in each of the successive quarters. Nevertheless, the discotheque business contributed only 6% of the Group's total revenue, the impact of SARS was not very significant to the Group.

The record distribution business was based in Japan and not affected by the viral epidemic. Since the acquisition of 80% interest of R&C Japan in October 2002, the business has delivered strong results in the full financial year and contributed almost 90% of the Group's total revenue. A schedule of record releases from, amongst others, Kuzu, Fayray and TM NETWORK sold strongly. The Group's continuous expansion of its sourcing network also contributed to the positive results. Content is at the core of the Group. We are developing and supplying music content of high quality. We are committed to providing consumers with the music they want, in the format they want, at a value they find compelling and we are working with a vast range wholesalers, retailers, distributors, hardware and software manufacturers to make that vision a reality.

Change of Board Membership

In May 2004, the Chairman and executive director of the Group, Mr. Tetsuya Komuro, stepped down after six years of distinguished service. The Group would like to take this opportunity to express its thanks to Mr. Komuro for his valuable contribution to the Group. Mr. Komuro's resignation would not have material adverse impact on the operations of the Group as they have been well established. In November 2003, Mr. Mitsuo Sakauchi joined, bringing a wealth of valuable media, advertising, and consumer marketing and general management experience to bear on our strategic deliberations.

New Substantial Shareholder

In May 2004, Faith, Inc. ("Faith") has acquired the Company's shares from Mr. Komuro. Immediately after the completion of the acquisition, Faith holds 17.05% of the existing issued share capital of the Company. Faith was established in 1992 in Nakagyo-ku, Kyoto, Japan and is a company with its shares listed on the Tokyo Stock Exchange Section I. Faith supports business development for companies at each stage of the content distribution process, including telecommunications carriers, semiconductor and mobile phone vendors as well as content providers. Faith also provides sound technologies and audio format technologies along with business solutions for content service planning, creation and operation. In collaboration with Faith, we wish to further extend our presence in the "digital distribution business", an innovative business promoted by Faith, with the focus on entertainment contents across Asia.

Outlook

The better than expected performance of our record distribution business proves our success in identifying the acquisition target. Such favourable development has convinced us to continue to keep a lookout for synergistic acquisitions and investment opportunities that will help diversify our businesses. We have demonstrated that we have the resilience and flexibility to operate effectively and profitably in a range of market outcomes and we aim to make further progress in every part of our group.

In last year's annual report, I have mentioned that our next step was to establish a new discotheque in Asia. We still firmly believe that the China market will continue to grow at a faster pace than many parts of the world. The Group will focus on the development of its China business. It will leverage on its experience accumulated in the provision of music content services and the discotheque operation. With the global economy now on the rebound, the mainland is expected to undergo even better economic development coupled with a more sustainable pace of growth than before. We aim to gain a better understanding of our customers' needs in China before we invest.

While the Group is actively pursuing new ventures, we also maintain our commitment to cost management and margin improvements. The Group remains assured of its proven track record. This record should provide our investors reassurance through the rest of the year and into the future.

May I also take this opportunity to thank the Board, all my colleagues, teams of producers and music talents for their dedication and hard work, and our shareholders and business partners for their support and collaboration in the past year. They have continued to demonstrate capacity for growing the Group and strengthening the foundations. Our achievements would not have been possible without the team.

Takeyasu Hashizume

President

28th June 2004

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

	Fourth Quarter (Jan to Mar 2004) HK\$'M	Third Quarter (Oct to Dec 2003) HK\$'M	Second Quarter (Jul to Sept 2003) HK\$'M	First Quarter (Apr to Jun 2003) HK\$'M
Turnover	63.4	67.3	103.8	14.8
Operating expenditures*	63.4	54.0	83.5	32.1
Profit/(loss) from operations	(1.4)	12.0	19.1	(18.6)
Profit/(loss) attributable to shareholders	0.6	8.2	14.9	(16.4)

* Cost of sales, selling and other operating expenses

Overall performance

The Group has achieved a double-digit increase in turnover during the year under review. With the established policy of seeking stable growth while exercising stringent risk control, the Group not only has achieved significant growths in both turnover and net profit, but has also achieved great improvements in risk control and cash flow management.

The Group recorded a profit before taxation of HK\$11.1 million for the year ended 31st March 2004, a 5% increase from HK\$10.6 million for the year ended 31st March 2003. Profit attributable to shareholders for the year was HK\$7.3 million, representing a 120% increase from HK\$3.3 million. Improvement in net profit of the Group during the year was the direct consequence of the consolidation of the results of R&C Japan and Rojam Disco in full year.

Turnover and other revenue

The group recorded a total turnover and other revenue of approximately HK\$249.6 million for the year ended 31st March 2004, representing a growth of 91% from HK\$130.4 million in the previous year. The record distribution business was the largest revenue contributor at 90%, with music production business and discotheque business each contributing 4% and 6% respectively. Revenue generated in Japan represented 94% of total revenue, while operations in mainland China contributed 6%.

Segment results

The organic growth of the record distribution business was strong as the Group continued to build more anchor customers and produced higher margin products, such as comedian audio-visual products. Turnover reached HK\$224.6 million, over 160% increase from HK\$85.1 million of the last year. The significant increase was mainly due to the consolidation of the results of R&C Japan for the full financial period, compared to 6-month period in last year. Segment profit amounted to HK\$26.2 million, a 19% decrease from HK\$32.4 million. The decrease in the segment profit was due to the fact that relatively more selling and distribution expenses were incurred for promotional activities during the year.

Despite strong operating performance in the record distribution sector, a drop in music production income had an unfavourable effect on the Group results. Due to the downward trend in music production, the Group's music production income declined to HK\$22.2 million, a 43% decrease from HK\$38.7 million in last year. Segment loss of HK\$4.9 million was recorded, compared to segment profit of HK\$1.2 million.

The revenue generated from the discotheque business was HK\$14.8 million. Excluding the goodwill amortisation charge of HK\$1.3 million, the segment operating profit amounted to HK\$2.1 million, doubled that of last year.

Cost of sales and operating expenses

Cost of sales increased by 202% from HK\$45.5 million to HK\$137.5 million. Selling and distribution expenses increased by 87% from HK\$37.7 million to HK\$70.5 million. The increase reflected the growth of sales and was a direct consequence of the consolidation of R&C Japan for the full financial year.

The operating expenses decreased by 24% from HK\$32.9 million to HK\$25.0 million. The operating expenses decreased, despite the expansion in businesses and the effect of the full year consolidation of the subsidiaries acquired in the financial year 2002/2003.

Goodwill amortisation charges also increased from HK\$2.6 million to HK\$5.5 million, reflecting impact for the consolidation of results of R&C Japan and Rojam Disco in the full financial year.

The Group's operating expenses as a percentage of revenue was reduced from 25% to 10%, reflecting the Group's continuous efforts in cost rationalisation. A well-managed and competitive cost base has been established ready to promote further revenue growth.

LIQUIDITY AND FINANCIAL RESOURCES

At 31st March 2004, the Group's total shareholders' funds amounted to approximately HK\$231.3 million as compared to HK\$225.0 million as at 31st March 2003. Total assets amounted to approximately HK\$298.4 million, of which current assets amounted to HK\$161.1 million. At 31st March 2004, the Group had current liabilities, non-current liabilities and minority interests of approximately HK\$64.2 million, HK\$0.9 million and HK\$1.9 million respectively.

The Group financed its operations with internally generated cash flows and the balance of proceeds from the placing of shares in May 2001. At 31st March 2004, cash and bank balances amounted to HK\$90.4 million, which consists of 19% in Hong Kong dollars, 63% in Japanese yen, 9% in Renminbi, and 9% held in other currencies. The Renminbi denominated balances were placed with licensed banks in The People's Republic of China ("PRC") and the conversion of these balances into foreign currencies is subject to the rules and regulation of foreign exchange control promulgated by the PRC government. During the year ended 31st March 2004, the Group had net cash inflow of HK\$45.4 million from its operations and net cash outflow of HK\$28.1 million from its investing activities. At 31st March 2004, the Group has no borrowing. The gearing ratio of the Group, calculated as non-current liabilities to shareholders' funds, was 0.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Group's exposure to foreign currencies is limited to its investment in foreign subsidiaries, which are financed internally. At 31st March 2004, the Group has no outstanding foreign currency hedge contracts.

CHARGE ON GROUP ASSETS

At 31st March 2004, the Group did not have any charge on its assets.

MATERIAL ACQUISITION/DISPOSAL AND SIGNIFICANT INVESTMENTS

The Group did not have any plan for material investment, acquisition or disposal of material capital assets at 31st March 2004.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities at 31st March 2004.

EMPLOYEE INFORMATION

At 31st March 2004, the Group had 89 full-time employees in Hong Kong, Japan and Shanghai. Staff costs, excluding Directors' emoluments, totalled HK\$17.3 million (2003: HK\$11.1 million). The Group's remuneration policy is basically determined by the performance of individual employee. Staff benefits, including medical coverage and provident funds are also provided to employees. The Group has also adopted a share option scheme whereby eligible employees of the Group may be granted options to subscribe for shares in the Company.

OPERATIONS REVIEW

Record distribution

The record distribution business reported revenue of HK\$224.6 million, more than 160% increase over the turnover of HK\$85.1 million recorded in last year. The increase was primarily attributable to the full year consolidation of R&C Japan, which was acquired in October 2002, compared to only six-month of consolidated result in previous year. The record distribution business contributed 90% of the total revenue, being the largest revenue generator of the Group. As a result of heavier promotional expenses incurred, segment profit was HK\$26.2 million, a 19% drop from HK\$32.4 million in last year.

This segment continued to produce and distribute audio and visual products under the Yoshimoto umbrella and win quality customers. It also consistently strived to address the rapidly changing market dynamics. Efforts to continue to identify and develop new uses for the Group's music were initiated throughout the year.

For the year under review, the Group released a total of 9 albums, 21 singles, 34 DVDs and 17 VHS. A number of popular titles were produced during the year. Songs produced are featured in a variety of television programmes. These television programmes included: "Gottsu-ee-Kanji", featuring Down Town; "Down Town DX", using the songs of route φ, "JAPAN COUNTDOWN", using the song of PENPALS as opening theme, "Ranpo R", based on Fayray's catalogues, and "Junk Sports" using the song of TM NETWORK as ending theme. In March, one of the Kuzu's records, "Subete ga boku no chikara ni naru!", was ranked number 1 in ORICON weekly chart. The record included a theme song of the popular television programme entitled "Sui-juu". During the year under review, the Group has signed up five artistes, namely Amy-N-Ryoo, Tamaki Hiroshi, The SCANTY, PENPALS and Imouto, and produced music recordings for them.

A summary of the music records produced and distributed by the Group for the year ended 31st March 2004 is set out below.

Title	Artist	Released date	Format
Ninjo	Amy-N-Ryoo	23/04/2003	CD Album
Ashita-e	Amy-N-Ryoo	21/05/2003	CD Maxi
明日へ			
I need you in my life	Aiko Katsumata	25/06/2003	CD Maxi
	勝又亜依子		
Michi	Takashi Utsunomiya	25/06/2003	CD Maxi
道	宇都宮隆		
Painting	route φ	23/07/2003	CD Maxi
UTA TO OTO	Ram Jam World	23/07/2003	CD Album
BLUE FOX	Yukari Obata	30/07/2003	CD Maxi
	小畑由香里		
Shiawase-no-Hyogen	Gaball (feat.Joanne)	06/08/2003	CD Maxi
幸せの表現			
Mabataki	THE★SCANTY	06/08/2003	CD Maxi
マバタキ			
Musashi-to-Yuku	Daisuke MiyaGawa	20/08/2003	CD Maxi
武蔵と行く	宮川大助		

Title	Artist	Released date	Format
Musashi-to-Yuku	Daisuke MiyaGawa	20/08/2003	Cassette tape
武蔵と行く	宮川大助		
DANCE	PENPALS	20/08/2003	CD Maxi
Wantok	Takashi Utsunomiya	03/09/2003	CD Album
	宇都宮隆		
LONELY	Amy-N-Ryoo	25/09/2003	CD Maxi
Nakunayo	HOUND DOG	25/09/2003	CD Maxi
泣くなよ			
ROCK YOU BABY	PENPALS	22/10/2003	CD Maxi
BELIEVE ALBIREX MIX	PENPALS	22/10/2003	CD Maxi
Christmasile	PENPALS	19/11/2003	CD Maxi
クリスマスマイル			
cie la musica due	Naoto Kine	19/11/2003	CD Album
チェラ ムジカ デュエ	木根尚登		
MecchalGracias	Amy-N-Ryoo	14/01/2004	CD Album
メツチャ☆グラシアス			
Rock'em All	PENPALS	21/01/2004	CD Album
11 Rooms for sky	Hound Dog	18/02/2004	CD Album
Negai	Fayray	18/02/2004	CD Maxi
願い			
NETWORK	TM NETWORK	24/02/2004	CD Maxi
Imouto	Imouto	03/03/2004	CD Maxi
妹	いもうと		

Title	Artist	Released date	Format
Subete ga boku no chikara ni naru! (Special edit)	Kuzu	17/03/2004	CD Maxi +DVD
全てが僕力になる!(特別盤)	くず		
Subete ga boku no chikara ni naru!	Kuzu	17/03/2004	CD Maxi
全てが僕力になる!(通常盤)	くず		
look into my eyes	Fayray	17/03/2004	CD Maxi
Ranpo R Soundtrack	VA	17/03/2004	CD Album
乱歩Rサウンドトラック			
NETWORK – Easy Listening	TM NETWORK	24/03/2004	CD Album

A summary of the audio-visual products produced and distributed by the Group for the year ended 31st March 2004 is set out below.

Title	Artist	Released date	Format
LOVE-iCE	Takashi Utsunomiya	23/04/2003	DVD
	宇都宮隆		
TEN to TEN	Takashi Utsunomiya	23/04/2003	DVD
	宇都宮隆		
MANZAI drive 2	Shinagawa-Shoji	28/05/2003	DVD
MANZAI ドライブ 2	品川庄司		
MANZAI drive 2	Shinagawa-Shoji	28/05/2003	Video
MANZAI ドライブ 2	品川庄司		
Tora	Koji Chihara	28/05/2003	DVD
囚	千原浩史		
Tora	Koji Chihara	28/05/2003	Video
囚	千原浩史		
Shibu-kou Bakuhatu	Harigane-Rock	25/06/2003	DVD
渋谷爆発	ハリガネロック		
Shibu-kou Bakuhatu	Harigane-Rock	25/06/2003	Video
渋谷爆発	ハリガネロック		
Yasashisa-Cardigan	Kokoriko	25/06/2003	DVD
優しさカーディガン	ココリコ		
Yasashisa-Cardigan	Kokoriko	25/06/2003	Video
優しさカーディガン	ココリコ		
Yoshimoto Shinkigeki Gyagu 100 Rinpatsu 2	Yoshimoto Comedians	25/06/2003	DVD
保存版 吉本新喜劇 ギャグ100連発 2	吉本新喜劇		

Title	Artist	Released date	Format
Yoshimoto Shinkigeki Gyagu 100 Renpatsu 3	Yoshimoto Comedians	25/06/2003	DVD
保存版 吉本新喜劇 ギャグ100連発3	吉本新喜劇		
Gottsu-ee-Kanji #1	Down Town	28/06/2003	DVD
ごっつええ感じ #1	ダウンタウン		
Painting	route φ	23/07/2003	DVD
Kyodai-Genka	Nakagawa-ke	30/07/2003	DVD
兄弟喧嘩	中川家		
Kyodai-Genka	Nakagawa-ke	30/07/2003	VHS
兄弟喧嘩	中川家		
Hyaku-Shiki	2Cho-Kennju	30/07/2003	DVD
百式	2丁拳銃		
Hyaku-Shiki	2Cho-Kennju	30/07/2003	VHS
百式	2丁拳銃		
Hataraku-Ossann Ningyo	Hitoshi Matsumoto	06/08/2003	DVD
働くおっさん人形	松本人志		
Gottsu-ee-Kanji #2	Down Town	27/08/2003	DVD
ごっつええ感じ #2	ダウンタウン		
Juu-ka	2Cho-Kennju	27/08/2003	DVD
銃歌	2丁拳銃		
Juu-ka	2Cho-Kennju	27/08/2003	VHS
銃歌	2丁拳銃		
Gottsu-ee-Kanji #3	Down Town	24/09/2003	DVD
ごっつええ感じ #3	ダウンタウン		

Title	Artist	Released date	Format
Gottsu-ee-Kanji #4	Down Town	24/09/2003	DVD
ごっつええ感じ #4	ダウンタウン		
8MEN	Shinagawa Shoji	25/09/2003	DVD
	品川庄司		
8MEN	Shinagawa Shoji	25/09/2003	VHS
	品川庄司		
Robert Live – Tanoshimouze!	Robert	25/09/2003	DVD
ロバートライブ 楽しもうぜ!	ロバート		
Robert Live – Tanoshimouze!	Robert	25/09/2003	VHS
ロバートライブ 楽しもうぜ!	ロバート		
Ocharake Sausage	Inparusu	29/10/2003	DVD
おちゃらけソーセージ	インパルス		
Ocharake Sausage	Inparusu	29/10/2003	VHS
おちゃらけソーセージ	インパルス		
Futari Musuko	Nakagawa-ke	29/10/2003	DVD
二人息子	中川家		
Futari Musuko	Nakagawa-ke	29/10/2003	VHS
二人息子	中川家		
Jetball Hour	Football Hour	26/11/2003	DVD
ジェットボールアワー	フットボールアワー		
Jetball Hour	Football Hour	26/11/2003	VHS
ジェットボールアワー	フットボールアワー		
Dynamite Kansai	Omnibus	26/11/2003	DVD
ダイナマイト関西			

Title	Artist	Released date	Format
M-I Grand prix 2001	Various Artists	17/12/2003	DVD
M-I グランプリ 2001			
M-I Grand prix 2002	Various Artists	17/12/2003	DVD
M-I グランプリ 2002			
License	License	25/12/2003	DVD
ライセンス	ライセンス		
License	License	25/12/2003	VHS
ライセンス	ライセンス		
Gottsu-ee-Kanji #5	Down Town	25/12/2003	DVD
ごっつええ感じ #5	ダウンタウン		
俺 道	Dainoji	28/01/2004	DVD
	ダイノジ		
俺 道	Dainoji	28/01/2004	VHS
	ダイノジ		
Puropera wo tometa, boku no koe wo kiku tameni	Chihara Kyodai/ Watanabe	25/02/2004	DVD
プロペラを止めた 僕の声聞くために	千原兄弟 / 渡邊鐘		
Puropera wo tometa, boku no koe wo kiku tameni	Chihara Kyodai/ Watanabe	25/02/2004	VHS
プロペラを止めた 僕の声聞くために	千原兄弟 / 渡邊鐘		
Circle S	Plan 9	25/02/2004	DVD
サークル S	プラン 9		
Circle S	Plan 9	25/02/2004	VHS
サークル S	プラン 9		

Title	Artist	Released date	Format
SUMMER TOUR 03-BLUE JOURNEY-8.20 SHIBUYA AX	RUN&GUN	03/03/2004	DVD
Ranpo R Vol.1	VA	10/03/2004	DVD
乱歩R Vol.1			
Ranpo R Vol.1	VA	10/03/2004	VHS
乱歩R Vol.1			
Subete ga boku no chikara ni naru! (Special edit)	Kuzu	17/03/2004	CD Maxi +DVD
全てが僕力になる(特別盤)	くず		
Konto Drive	Shinagawa Shoji	24/03/2004	DVD
コントドライブ	品川庄司		

Music production

Revenue from the music production business dropped by 43% from HK\$38.7 million to HK\$22.2 million. Segment loss was HK\$4.9 million, compared to profit of HK\$1.2 million last year. The intense competition in the music production market in Japan has resulted the decrease in number and average contract size of music projects undertaken. To enhance revenue, the Group has also rented the Rojam Studio and provided advisory services in recording and editing to other record companies. The table below sets out the major projects undertaken by the Group during the year ended 31st March 2004.

Month of the release	Record company	Title	Product	Artist
2003				
June	Sony Music Entertainment Limited	PROUD OF YOU	CD Single	Shiina Hekiru
	Avex Inc	be true	CD Single	Cyber X feat, KEIKO
September	Avex Inc	global trance best	CD and DVD	globe
November	Sony Music Entertainment Limited	Standby!	CD Single	Shiina Hekiru
December	Avex Inc	KCO	CD Single	Keiko (globe)
	Sony Music Records Inc.	Color	CD Single	Shiina Hekiru
2004				
March	Sony Music Records Inc.	reverence	CD Single	Shiina Hekiru

Rojam Disco

The discotheque business reported revenue of HK\$14.8 million with a segment profit of HK\$0.8 million, compared to revenue of HK\$8.8 million and a segment loss of HK\$0.9 million in previous year. The increase was also attributable to the full year consolidation of Rojam Disco compared to only six-month consolidation result in last year.

During the first quarter, the SARS crisis has drastically impacted the turnover of Rojam Disco. The turnover dropped by over 40% on average in the first quarter when compared to the previous quarter. To counteract the hostile market conditions, Rojam Disco adopted a more defensive approach during the first quarter, focusing on cost control including tightening operating expenses and re-designing advertising and promotional activities. Rojam Disco also conducted a full review of its hardware and software, and speeded up the renovation program. In August 2003, the major renovation programme was complete. The response from customers was encouraging. The admissions grew simultaneously.

The “5th Anniversary X’mas Eve Party”, the “New Year’s Eve Party” and the “Valentine’s Day” continued to be the most popular functions during the year. Rojam Disco has established itself as a popular venue for festive fun in Shanghai. In addition to the Japanese DJ’s stationed there, Rojam Disco also invited famous DJs from different parts of the world to perform throughout the year. These performers included Mr. John Digwee, a pioneer of Progressive House music and DJ who was ranked the world’s top two; and DJ Lisa Lashes, the highest placed female DJ in the world. Continuous enrichment of appealing new events and entertainment features to refresh customers’ entertainment experiences definitely increased the competitive edge of Rojam Disco, successfully attracting a new array of customers including first-time disco-goers and both local and overseas tourists.

PROSPECTS

The record distribution business remains the focus of the Group. The Group shall also develop and identify new uses for its music content. Apart from developing higher margin business, the Group continues to actively evaluate synergistic mergers and acquisition opportunities to accelerate its growth.

Further development of the China dimension of the Group’s business is also a top priority. Its mainland ambitions coincide with an upsurge in the number of key international events being held on the mainland. Shanghai is on the Formula One starting grid in September 2004 and companies are racing for market share in the lead-up to Beijing’s summer Olympic Games in 2008. There are more interest in and consumption of music than ever before, and there is a tremendous opportunity ahead for the Group to capitalise on this demand.

While the management is encouraged by the Group’s annual results, it is also cautious about the uncertainties in the market. The Group will continue to adhere to its strategy of building a solid foundation and meeting challenges proactively. By strengthening its internal management and adopting stringent risk control, the Group will build on those foundations to seek for steady and healthy progress.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

**Business objective as stated
in the prospectus dated
24th May 2001**

**Actual business progress
in respect of the year ended
31st March 2004**

1. Expand the Group's customer base and enhance its core business operations of music production by building up its business alliance with major players in the entertainment industry

Enter into not less than 2 producer service contracts

The Group has not entered into any producer service contract during the year under review. Due to the relative keen competition in the music production business, the Group has been cautious in committing itself in entering into new producer service contract as well as other service contracts. Besides, the Group has shifted its resources to its record distribution business, which now becomes the largest revenue contributor of the Group.

Enter into not less than 3 contracts with software companies, computer and games companies, etc. for the provision of music content production services

The Group has not entered into any production contracts with software companies, computer and games companies. However, the Group will establish a strategic tie-up with Faith, Inc., a new strategic shareholder of the Group, for the interactive content distribution business.

Introduce not less than 1 artiste selected from the Group's audition system to contracted record companies

The artiste audition was carried out in the television programme "Matsumoto Shinsuke" produced by Yoshimoto. During the year under review, the Group has signed up two new artistes selected from this programme, namely Tamaki Hiroshi and Imouto.

2. Strengthen the Group's music production capacity through the sourcing of new talents

Produce not less than 27 records for contracted record companies

Produced 7 records for the contracted record companies. During the year under review, the Group reallocated the resources to its record distribution business to release those records under its label with higher profit margin.

Release not less than 12 records under the Group's label

Released over 80 records under the label of R&C Japan during the year under review.

Recruit not less than 3 producers

The Group is of the view that a strong team of producers has already been assembled in the Rojam Studio, therefore, no new producer was recruited.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

**Business objective as stated
in the prospectus dated
24th May 2001**

**Actual business progress
in respect of the year ended
31st March 2004**

3. Geographical expansion in Asia

Taiwan

Explore other music related business opportunities

The Group has so far not identified commercially viable investment opportunities but will continue to explore in this region.

Engage in not less than 1 music production or related project

Engagement of new projects was postponed until further business development in this region.

South Korea

Release not less than 7 records under the Group's co-brand label

The Group has not yet released any records in South Korea. During the year, the Group has tried to seek for a suitable local partner to expand its business.

Mainland China

Engage in not less than 2 music production or related projects

In addition to its discotheque business, the Group is discussing with certain local partners to explore co-operation opportunity, but no agreement has yet been reached.

4. Increase the Group's current level of recognition and publicity by investing in business development and marketing

Sponsor or participate in television programmes, activities and events in Asia to promote the Group's music, artistes, producers and businesses

The Group has promoted its music, artistes, producers and business through selected media channels. They were also promoted in the television programmes produced by Yoshimoto.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

**Business objective as stated
in the prospectus dated
24th May 2001**

**Actual business progress
in respect of the year ended
31st March 2004**

5. Exploitation of the Internet media

Audition

Conduct audition for artistes and producers

Such audition was carried out in the Yosimoto's television programmes (refer to I above).

Merchandise sales

Release not less than 2 major feature products to be sold via the Group's music entertainment portal

In view of the weaker performance of the consumer market, the Group has adopted a cautious approach in releasing additional feature product during the year under review.

Music learning center

Continue to expand the student base of the music learning centre

Upon the completion of the market research, the Group is of the view that music learning centre is not a suitable project for the Group to launch at this stage.

Use of proceeds from the placing of shares

The net proceeds to the Group from the placing of shares on 31st May 2001 (the “Placing”), after deduction of underwriting fees and expenses payable by the Company in relation to the Placing, were approximately HK\$52.1 million. During the period from 31st May 2001 (date of listing) to 31st March 2004, the Group has incurred the following amounts to achieve the business objectives as set out in the prospectus dated 24th May 2001 (the “Prospectus”):

	As stated in the Prospectus			Actual HK\$ million
	Use of proceeds HK\$ million	Financed by internal resources HK\$ million	Total HK\$ million	
– For the acquisition of hardware and software for its Tokyo studio to enhance the production of master tapes so as to enable the Group to capitalise on its strength in music production to expand its customer base and enhance its core business operations;	10.0	10.0	20.0	6.7
– For the recruitment of producers mainly to strengthen its music production capacity;	16.0	9.0	25.0	6.4
– For engaging in sponsorship and artiste promotional activities in different countries in Asia mainly to achieve the Group’s geographic expansion plan and increase its brand recognition and publicity;	18.0	9.0	27.0	10.2
– For training and development of artistes in different Asian countries to achieve geographic expansion;	2.0	1.0	3.0	10.3
– For establishing an online and offline music learning centre mainly to strengthen the Group’s music production capacity and to exploit the Internet media for the Group’s business; and	2.0	1.0	3.0	–
– For general working capital purposes.	5.0	–	5.0	5.0
	<u>53.0</u>	<u>30.0</u>	<u>83.0</u>	<u>38.6</u>

In view of the uncertain business environment, the Group took a more cautious approach in the application of the net proceeds. As a result, the speed of the application was slower than expected. Since the Group placed more emphasis on the records released under its label, more cash resources were allocated to train and develop artistes. The remaining net proceeds of approximately HK\$13.5 million were placed on short term deposits with licensed banks in Hong Kong for future use as identified by the Group’s business plans.

RESULTS

The board of directors (the “Board”) of Rojam Entertainment Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) is pleased to announce the audited consolidated results of the Group for the year ended 31st March 2004 together with the comparative audited figures for the preceding year ended 31st March 2003 as set out below. The annual results have also been reviewed by the audit committee.

	Note	2004 HK\$'000	Restated 2003 HK\$'000
Turnover	2	249,349	129,491
Other revenues	2	297	864
Total revenues		249,646	130,355
Less: overseas withholding taxation	3	–	(982)
		249,646	129,373
Cost of sales		(137,472)	(45,503)
Selling and distribution expenses		(70,527)	(37,730)
Other operating expenses		(25,021)	(32,942)
Amortisation of goodwill		(5,480)	(2,627)
Profit before taxation		11,146	10,571
Taxation	3	(1,162)	(382)
Profit after taxation		9,984	10,189
Minority interests		(2,692)	(6,869)
Profit attributable to shareholders		7,292	3,320
Basic earnings per share	4	0.5 cent	0.3 cent

Notes:

1. Basis of preparation

The Company was incorporated in the Cayman Islands on 29th February 2000 as an exempted company with limited liability under the Companies Law (Revised) of the Cayman Islands.

The accounts have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Society of Accountants ("HKSA"). They have been prepared under the historical cost convention.

In the current year, the Group adopted the Statement of Standard Accounting Practice No. 12 "Income Taxes" (revised) issued by the HKSA which is effective for accounting periods commencing on or after 1st January 2003.

2. Turnover, revenue and segment information

The Group is principally engaged in record distribution, music production, music publishing, discotheque operation, artiste management, event management, trademark licensing, merchandise sales and banner advertising. Revenues recognised during the year are as follows:

	2004 HK\$'000	2003 HK\$'000
Turnover		
Record distribution income	224,505	85,082
Music production income		
– Production service fees	4,518	14,195
– Royalty income	4,473	19,366
Music publishing fee		
– Royalty income	49	135
Discotheque income	14,786	8,767
Artiste management fees	–	33
Event management income	21	32
Trademark licensing income	–	845
Merchandise sales	12	117
Banner advertising income	985	919
	249,349	129,491
Other revenues		
Bank interest income	297	804
Interest income from amount due from a shareholder	–	60
	297	864
Total revenues	249,646	130,355

Primary reporting format – business segments

The Group is organised on a worldwide basis into six main business segments:

- | | | |
|---------------------|---|--|
| Record distribution | – | distributing records under its own labels and records containing master sound recordings which have been licensed from third parties in Hong Kong and Japan |
| Music production | – | provision of encompassing producer services, master tape recordings, mixing services, re-mixing services, arranging services and advisory services in respect of selection of songs for records production |
| Music publishing | – | granting of licences for use of the musical works owned by or licensed to the Group |
| Discotheque | – | operations of discotheque |
| Event management | – | organising concerts and other similar events for promotion of the music production team's music works |
| Merchandise sales | – | selling featured products of the Group's artistes |

The Group's inter-segment transactions mainly consist of record distribution and music production between subsidiaries. The transactions were entered into on terms similar to those with independent third parties and were eliminated on consolidation.

	2004								
	Record distribution	Music production	Music publishing	Discotheque	Event management	Merchandise sales	Others	Elimination	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover									
External sales	224,505	8,991	49	14,786	21	12	985	-	249,349
Inter-segment sales	52	13,201	-	-	-	-	-	(13,253)	-
Total	<u>224,557</u>	<u>22,192</u>	<u>49</u>	<u>14,786</u>	<u>21</u>	<u>12</u>	<u>985</u>	<u>(13,253)</u>	<u>249,349</u>
Segment results	<u>26,243</u>	<u>(4,928)</u>	<u>49</u>	<u>825</u>	<u>21</u>	<u>9</u>	<u>1,023</u>	<u>(13,253)</u>	<u>9,989</u>
Unallocated income									1,157
Profit before taxation									11,146
Taxation									(1,162)
Profit after taxation									9,984
Minority interests									(2,692)
Profit attributable to shareholders									<u>7,292</u>

	2003 (Restated)								
	Record distribution	Music production	Music publishing	Discotheque	Event management	Merchandise sales	Others	Elimination	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover									
External sales	85,082	33,561	135	8,767	32	117	1,797	-	129,491
Inter-segment sales	-	5,117	-	-	-	-	-	(5,117)	-
Total	<u>85,082</u>	<u>38,678</u>	<u>135</u>	<u>8,767</u>	<u>32</u>	<u>117</u>	<u>1,797</u>	<u>(5,117)</u>	<u>129,491</u>
Segment results	<u>32,356</u>	<u>1,217</u>	<u>135</u>	<u>(887)</u>	<u>32</u>	<u>24</u>	<u>1,829</u>	<u>(5,117)</u>	29,589
Unallocated costs									(19,018)
Profit before taxation									10,571
Taxation									(382)
Profit after taxation									10,189
Minority interests									(6,869)
Profit attributable to shareholders									<u>3,320</u>

Secondary reporting format – geographical segments

Although the Group's six business segments are managed on a worldwide basis, they operate in three main geographical areas:

Hong Kong	–	music publishing and record distribution
Japan	–	record distribution, music production, music publishing, event management and merchandise sales
Mainland China	–	operations of discotheque

There are no sales between the geographical segments.

	Turnover 2004 HK\$'000	Segment results 2004 HK\$'000	Turnover 2003 HK\$'000	Segment results 2003 HK\$'000
Hong Kong	1,034	1,216	1,088	1,030
Japan	233,529	7,833	118,792	28,584
Mainland China	14,786	878	9,611	(25)
Other countries	–	62	–	–
	<u>249,349</u>	<u>9,989</u>	<u>129,491</u>	29,589
Unallocated income/(costs)		<u>1,157</u>		<u>(19,018)</u>
Profit before taxation		<u>11,146</u>		<u>10,571</u>

3. Taxation and overseas withholding taxation

No provision 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 year.

No provision for United States ("US") income tax has been made as the subsidiaries in US have no assessable profits for the current and prior year.

No provision for Japanese corporate income tax has been made for the current and prior year as there is allowable tax loss brought forward from prior years.

The People's Republic of China (the "PRC") taxation has been provided on the profit of the Group's subsidiary in the PRC and calculated at the applicable rates.

Overseas withholding taxation represents Japan and the PRC withholding taxes on the income subject to withholding taxes and calculated at the rates applicable thereto.

The amount of taxation charged to the consolidated profit and loss account represents:

	2004 HK\$'000	Restated 2003 HK\$'000
Current taxation		
– PRC taxation	294	382
Deferred taxation	868	–
	<u> </u>	<u> </u>
Taxation charge	<u>1,162</u>	<u>382</u>

4. Earnings per share

The calculation of basic earnings per share is based on the Group's profit attributable to shareholders of HK\$7,292,000 (2003: HK\$3,320,000) and the weighted average number of ordinary shares for the year of 1,554,684,403 (2003: 1,317,972,074) shares.

Diluted earnings per share has not been presented for the year ended 31st March 2004 as the conversion of potential ordinary shares would have anti-dilutive effect to the basic earnings per share. Diluted earnings per share has not been presented for the year ended 31st March 2003 as there was no material dilution effect arising from the share options granted by the Company.

5. Dividends

No dividend had been paid or declared by the Company during the year (2003: Nil).

6. Movement of reserves

	Share premium HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1st April 2002	148,329	(4,924)	(75,771)	67,634
Profit for the year, as previously reported and restated	–	–	3,320	3,320
Exchange adjustment on translation of the accounts of overseas subsidiaries	–	(1,388)	–	(1,388)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31st March 2003, as previously reported and restated	<u>148,329</u>	<u>(6,312)</u>	<u>(72,451)</u>	<u>69,566</u>
At 1st April 2003, as previously reported and restated	148,329	(6,312)	(72,451)	69,566
Profit for the year	–	–	7,292	7,292
Exchange adjustment on translation of the accounts of overseas subsidiaries	–	(1,005)	–	(1,005)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31st March 2004	<u>148,329</u>	<u>(7,317)</u>	<u>(65,159)</u>	<u>75,853</u>

BOARD PRACTICES AND PROCEDURES

The Company has complied with board practices and procedures as set out in Rules 5.34 to 5.45 of the GEM Listing Rules.

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 year ended 31st March 2004.

By Order of the Board
Takeyasu Hashizume
President

Hong Kong, 28th June 2004

As at the date of this announcement, the Board comprises seven executive directors, namely Mr. Takeyasu Hashizume, Mr. Tetsuo Mori, Mr. Osamu Nagashima, Mr. Mitsuo Sakauchi, Mr. Arihito Yamada, Mr. Yukitsugu Shimizu and Mr. Hiroshi Osaki; and two independent non-executive directors, namely Mr. Seiichi Nakaoda and Mr. Yeung Mui Kwan, David.

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