



年代
ERA

Era Information & Entertainment Limited

年代資訊影視有限公司

(incorporated in the Cayman Islands with limited liability)



INTERIM REPORT
2005

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

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

The Exchange takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors (the “Directors”) of Era Information & Entertainment Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report 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 report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

RESULTS

The Directors are pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (together the "Group") for the three months and six months ended 30 June 2005, together with the unaudited comparative figures for the corresponding periods in 2004 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months ended 30 June 2005 and the six months ended 30 June 2005

	Note	For the three months ended 30 June		For the six months ended 30 June	
		2005 (unaudited) HK\$'000	2004 (unaudited) HK\$'000	2005 (unaudited) HK\$'000	2004 (unaudited) HK\$'000
Turnover	2	16,370	16,715	44,459	38,148
Cost of sales		(12,369)	(12,489)	(31,427)	(27,671)
Gross profit		4,001	4,226	13,032	10,477
Other revenue		28	21	33	363
Selling and distribution costs		(1,722)	(2,143)	(3,866)	(4,200)
Administrative expenses		(4,341)	(5,515)	(8,879)	(10,914)
Other operating (expenses)/income		-	43	(528)	43
Operating loss	3	(2,034)	(3,368)	(208)	(4,231)
Finance costs		(11)	(33)	(22)	(33)
Loss before taxation		(2,045)	(3,401)	(230)	(4,264)
Taxation	4	119	16	(557)	(168)
Loss for the period		<u>(1,926)</u>	<u>(3,385)</u>	<u>(787)</u>	<u>(4,432)</u>
Attributable to:					
Equity holders of the Company		(1,926)	(3,088)	(787)	(3,936)
Minority interest		-	(297)	-	(496)
		<u>(1,926)</u>	<u>(3,385)</u>	<u>(787)</u>	<u>(4,432)</u>
Loss per share for loss attributable to the equity holders of the Company during the period					
- basic (HK cents)	5	<u>(0.602)</u>	<u>(0.965)</u>	<u>(0.246)</u>	<u>(1.230)</u>

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2005

		30 June 2005 (unaudited) HK\$'000	31 December 2004 (audited) HK\$'000
ASSETS			
Non-current assets			
Fixed assets	6	780	894
Club membership		650	650
Deferred tax assets		758	1,315
		2,188	2,859
Current assets			
Inventories		5,727	6,197
Film rights		8,197	7,322
Trade and other receivables	7	17,993	26,085
Prepayments and deposits		9,940	11,416
Pledged bank deposits		6,461	2,011
Bank and cash balances		16,377	19,136
		64,695	72,167
Total assets		66,883	75,026
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	8	3,200	3,200
Share premium		65,991	65,991
Exchange reserve		5	5
Accumulated losses		(23,222)	(22,435)
Total equity		45,974	46,761
Current liabilities			
Trade and other payables	9	20,909	28,215
Bank overdraft – secured		–	50
		20,909	28,265
Total equity and liabilities		66,883	75,026
Net current assets		43,786	43,902
Total assets less current liabilities		45,974	46,761

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2005

	Attributable to equity holders of the Company				
	Share capital	Share premium	Exchange reserve	Accumulated losses	Total equity
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2005	3,200	65,991	5	(22,435)	46,761
Loss for the period	-	-	-	(787)	(787)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2005	<u>3,200</u>	<u>65,991</u>	<u>5</u>	<u>(23,222)</u>	<u>(45,974)</u>

For the six months ended 30 June 2004

	Attributable to equity holders of the Company				
	Share capital	Share premium	Exchange reserve	Accumulated losses	Total equity
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2004	3,200	65,991	-	(13,798)	55,393
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Exchange difference	-	-	6	-	6
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total income for the period recognised directly in reserves	-	-	6	-	6
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Loss for the period	-	-	-	(3,936)	(3,936)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2004	<u>3,200</u>	<u>65,991</u>	<u>6</u>	<u>(17,734)</u>	<u>51,463</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2005

	For the six months ended 30 June	
	2005 (unaudited) HK\$'000	2004 (unaudited) HK\$'000
NET CASH (USED IN)/FROM OPERATING ACTIVITIES	(1,833)	16,465
NET CASH USED IN INVESTING ACTIVITIES	(876)	(22,406)
NET CASH FROM FINANCING ACTIVITIES	—	40
DECREASE IN CASH AND CASH EQUIVALENTS	(2,709)	(5,901)
EXCHANGE DIFFERENCE ARISING ON CONSOLIDATION	—	6
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	19,086	15,300
CASH AND CASH EQUIVALENTS AT END OF PERIOD	16,377	9,405
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
BANK AND CASH BALANCES	16,377	9,405

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation

The unaudited condensed consolidated financial statements have been prepared in accordance with all applicable accounting standards issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and accounting principles generally accepted in Hong Kong.

In 2004, the HKICPA issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards (“new HKFRSs”) which are effective for accounting periods beginning on or after 1 January 2005. The adoption of the new HKFRSs had no material impact on the Group’s results of operations and financial position except certain presentation and disclosure of financial statements would be changed.

The accounting policies adopted in preparing the unaudited condensed consolidated financial statements for the period under review are consistent with those followed in the Company’s 2004 annual report.

The condensed consolidated financial statements for the six months ended 30 June 2005 are unaudited and have been reviewed by the audit committee of the Company.

2. Turnover and segment information

Turnover represents revenue arising from the home video products distribution, theatrical and television rights distribution, film rights sub-licensing, games distribution and online business. The Group's primary format for reporting segment information is business segments.

	Home video products distribution		Theatrical, television rights distribution and film rights sub-licensing		Games distribution and online business		Eliminations		Consolidated	
	For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
REVENUE										
External revenue	38,605	29,353	1,100	2,409	4,772	7,736	-	(1,019)	44,477	38,479
Inter-segment revenue*	-	-	-	-	620	740	(620)	(740)	-	-
Total revenue	<u>38,605</u>	<u>29,353</u>	<u>1,100</u>	<u>2,409</u>	<u>5,392</u>	<u>8,476</u>	<u>(620)</u>	<u>(1,759)</u>	<u>44,477</u>	<u>38,479</u>
RESULT										
Segment result	<u>1,025</u>	<u>(778)</u>	<u>285</u>	<u>(607)</u>	<u>813</u>	<u>(904)</u>	<u>387</u>	<u>600</u>	<u>2,510</u>	<u>(1,689)</u>
Unallocated corporate expenses									(2,733)	(2,574)
Operating loss excluding interest income									(223)	(4,263)
Interest expenses									(22)	(33)
Interest income									15	32
Loss before taxation									(230)	(4,264)
Taxation									(557)	(168)
Loss for the period									<u>(787)</u>	<u>(4,432)</u>

* Inter-segment revenue is charged on basis mutually agreed between the segments.

3. Operating loss

The Group's operating loss is stated after charging/(crediting):

	For the three months ended 30 June		For the six months ended 30 June	
	2005 (unaudited) HK\$'000	2004 (unaudited) HK\$'000	2005 (unaudited) HK\$'000	2004 (unaudited) HK\$'000
Amortisation of film rights	9,545	5,960	20,327	12,626
Bad debts written off	–	16	–	16
Cost of inventories sold	4,072	4,831	10,122	12,889
Depreciation	71	279	148	622
Reversal of allowance for doubtful debts	–	(59)	(21)	(59)
Reversal of impairment losses on film rights	(2,286)	–	(1,972)	–

4. Taxation

The taxation credit/(charged) represents:

	For the three months ended 30 June		For the six months ended 30 June	
	2005 (unaudited) HK\$'000	2004 (unaudited) HK\$'000	2005 (unaudited) HK\$'000	2004 (unaudited) HK\$'000
Deferred taxation	119	16	(557)	(168)

No provision for Hong Kong and overseas profits tax has been made as the Group has no assessable profits for the three months and six months ended 30 June 2005 (2004: Nil).

Deferred taxation is calculated in full on temporary differences under the liability method using a principal tax rate of 17.5%.

Deferred tax assets are recognised for tax loss carried forward to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group has unrecognised tax losses of approximately HK\$36.0 million (31 December 2004: HK\$46.2 million) as at 30 June 2005 available for offset against future taxable income. The unrecognised tax losses may be carried forward indefinitely.

5. Loss per share

The calculation of basis loss per share is based on unaudited loss attributable to equity holders of the Company for the three months ended 30 June 2005 of approximately HK\$1,926,000 and six months ended 30 June 2005 of approximately HK\$787,000 (three months and six months ended 30 June 2004: HK\$3,088,000 and HK\$3,936,000 respectively) and the weighted average number of 320,000,000 shares for the three months and six months ended 30 June 2005 and 2004.

No diluted loss per share is presented as the Company did not have any dilutive potential shares during the periods.

6. Fixed assets

During the six months ended 30 June 2005, the Group acquired fixed assets of approximately HK\$33,000 mainly comprising computers and equipment.

7. Trade and other receivables

Trade and other receivables include trade receivables of approximately HK\$16,970,000 (31 December 2004: HK\$23,477,000). The aged analysis of trade receivables is as follows:

	30 June 2005 (unaudited) HK\$'000	31 December 2004 (audited) HK\$'000
Current – 30 days	5,367	8,975
31 – 60 days	3,993	7,272
61 – 90 days	2,795	3,166
91 – 180 days	3,787	2,979
181 – 365 days	873	375
Over 1 year	155	710
	<u>16,970</u>	<u>23,477</u>

General credit terms of the Group range from 30 days to 90 days.

8. Share capital

	Number of shares	Share capital HK\$'000
Shares of HK\$0.01 each		
Authorised:		
At 31 December 2004 and 30 June 2005	<u>10,000,000,000</u>	<u>100,000</u>
Issued and fully paid:		
At 31 December 2004 and 30 June 2005	<u>320,000,000</u>	<u>3,200</u>

9. Trade and other payables

Trade and other payables include trade payables and film rights payables of approximately HK\$7,049,000 and HK\$6,607,000 respectively (31 December 2004: HK\$11,095,000 and HK\$7,111,000 respectively). The aged analysis of trade payables is as follows:

	30 June 2005 (unaudited) HK\$'000	31 December 2004 (audited) HK\$'000
Current – 30 days	2,156	2,465
31 – 60 days	993	2,283
61 – 90 days	1,242	2,697
91 – 180 days	1,333	1,526
181 – 365 days	141	548
Over 1 year	1,184	1,576
	<u>7,049</u>	<u>11,095</u>

The aged analysis of film rights payables is as follows:

	30 June 2005 (unaudited) HK\$'000	31 December 2004 (audited) HK\$'000
Current – 30 days	992	43
31 – 60 days	480	2
61 – 90 days	186	3
91 – 180 days	336	52
181 – 365 days	79	29
Over 1 year	4,534	6,982
	<u>6,607</u>	<u>7,111</u>

10. Related party transactions

During the period, the Group had the following material transactions with its related parties:

	For the six months ended 30 June	
	2005	2004
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Consultancy fee paid to Mr. Chiu Fu Sheng (<i>note</i>)	240	240
Purchases from Era Communications Co., Limited ("ERA Taiwan") (<i>note</i>)	<u>267</u>	<u>1,435</u>

Mr. Chiu Fu Sheng, a substantial shareholder of the Company, is a beneficial shareholder of ERA Taiwan.

Note: Details regarding the consultancy agreement with Mr. Chiu Fu Sheng and the distribution agreement with ERA Taiwan are set out in the Company's 2004 annual report.

Pursuant to an intellectual property rights agreement entered into between ERA Taiwan and the Group, ERA Taiwan granted to the Group an exclusive license to use "Era" trademark in Hong Kong and the People's Republic of China ("PRC") commencing on 15 May 1998 for a period of 10 years and is subject to a renewal for a further 10 years. The Group is required to pay to ERA Taiwan an annual license fee of HK\$1.

11. Capital commitments

	30 June 2005	31 December 2004
	(unaudited)	(audited)
	HK\$'000	HK\$'000
Unpaid purchase costs due to suppliers	9,246	1,764
Unpaid film rights due to licensors	<u>18,596</u>	<u>2,501</u>

12. Contingent liabilities

	30 June 2005	31 December 2004
	(unaudited)	(audited)
	HK\$'000	HK\$'000
Long service payments	<u>1,967</u>	<u>1,937</u>

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2005 (six months ended 30 June 2004: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Prospects

For the six months ended 30 June 2005, the Group recorded a turnover of approximately HK\$44.5 million (2004: approximately HK\$38.1 million), and the loss for the period amounted to approximately HK\$0.8 million (2004: approximately HK\$4.4 million).

Increase in turnover during the six months ended 30 June 2005 is mainly due to the release of stronger blockbuster video titles. Video titles released during the three months' period ended 30 June 2005 included "Meet The Fockers", "Closer" and "Hitch". Some other blockbuster video titles are expected to be released in the second half of the year, such titles include "Madagascar", "Stealth", "The Interpreter", "Bewitched" and "xXx2: The Next Level".

During the three months ended 30 June 2005, turnover for the games distribution and online business recorded a decrease of approximately 21.5% to approximately HK\$2.6 million when compared with the corresponding period in 2004 of approximately HK\$3.3 million. While the Group has acquired Hong Kong exclusive distribution rights for certain new online games, some of them have been delayed for release by the games developers. The Group expects that with the release of more new games by the end of the year, turnover for the games distribution business will be improved.

Provided with some unexpected events, such as the anti-Japanese sentiment during the censorship period, and pending of film rights trading due to potential licensor's group restructuring, 北京年恩長影文化傳播有限公司 ("年恩"), the Group's subsidiary in Beijing, was still preparing to arrange for theatrical release of film titles in the PRC during the six months ended 30 June 2005. However, 年恩 has already scheduled the theatrical release of a major film title in August targeted at students as well as children audiences. By the end of this year and look forward to the coming year, the Group expects 年恩 to arrange more theatrical release of film titles in the PRC to generate a stable income.

Liquidity and financial resources

The Group generally financed its operations and investing activities with internally generated cashflows.

As at 30 June 2005, the Group had net current assets of approximately HK\$43.8 million, of which approximately HK\$6.5 million and HK\$16.4 million (31 December 2004: HK\$2.0 million and HK\$19.1 million) were pledged bank deposits and bank and cash balances respectively. The Directors are confident that the Group's existing financial resources will be sufficient to satisfy its commitments and working capital requirements.

Foreign exchange exposure

Transactions of the Group were mainly denominated either in Hong Kong dollars, Renminbi or United States dollars. In view of the stability of the exchange rate between these currencies, the Directors do not consider that the Group was significantly exposed to foreign exchange risk.

Capital structure

As at 30 June 2005, the Group's net assets were financed by internal resources through share capital and reserves. Total equity attributable to shareholders was approximately HK\$46.0 million as at 30 June 2005, representing a decrease of approximately 1.7% over that of 31 December 2004.

Charges on the Group's assets

As at 30 June 2005, the Group's time deposits of approximately HK\$6.5 million were pledged to banks in respect of standby documentary credits issued to a licensor and banking facilities granted to the Group.

Capital commitments

As at 30 June 2005, the Group had commitments of unpaid film rights of approximately HK\$18.6 million due to licensors and commitments of unpaid purchase costs of approximately HK\$9.2 million due to suppliers.

Contingent liabilities

As at 30 June 2005, the Group had contingent liabilities in respect of long service payments of approximately HK\$2.0 million.

Employee information

As at 30 June 2005, the Group had a total of 44 employees. The total staff costs, including directors' emoluments, amounted to approximately HK\$6.6 million for the period under review.

Staff remuneration is reviewed by the Group from time to time depending on length of service and performance where warranted. In addition to salaries, the Group provides staff benefits including medical insurance and contributions to staff's provident fund. Share options and bonuses are also available to employees of the Group at the discretion of the Directors and depending upon the financial performance of the Group.

Save as disclosed herewith, no information in relation to the Group's performance has changed materially from the information disclosed in the Company's 2004 annual report.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2005, the interests of the Directors and the chief executives of the Company in shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO")) which would have to be notified to the Company and the Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions

of which they were taken or deemed to have taken under such provisions of the SFO) and/or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which had to be notified to the Company and the Exchange pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules relating to securities transactions by the Directors were as follows:

(a) The Company

Interests in shares of the Company

Name of Directors	Capacity	Number and class of shares	Approximate percentage of issued share capital
Mr. Leung Chung Chu, Andrew	Beneficial owner	25,000,000 ordinary shares (long position)	7.81%
Mr. Ng Wai Lun	Beneficial owner	480,000 ordinary shares (long position)	0.15%
Mr. Keung Chi Wai	Beneficial owner	108,000 ordinary shares (long position)	0.03%

Long positions in underlying shares of equity derivatives of the Company

Name of Directors	Capacity	Description of equity derivatives (number and class of underlying shares)	Approximate percentage of issued share capital
Mr. Leung Chung Chu, Andrew	Beneficial owner	share options to subscribe for shares (1,200,000 ordinary shares) <i>(Note)</i>	0.38%
Mr. Yau Kar Man	Beneficial owner	share options to subscribe for shares (400,000 ordinary shares) <i>(Note)</i>	0.13%
Mr. Ng Wai Lun	Beneficial owner	share options to subscribe for shares (300,000 ordinary shares) <i>(Note)</i>	0.09%
Mr. Keung Chi Wai	Beneficial owner	share options to subscribe for shares (400,000 ordinary shares) <i>(Note)</i>	0.13%
Mr. Chan Kin Wo	Beneficial owner	share options to subscribe for shares (400,000 ordinary shares) <i>(Note)</i>	0.13%
Mr. Yow Cecil	Beneficial owner	share options to subscribe for shares (400,000 ordinary shares) <i>(Note)</i>	0.13%

Note: The aforesaid share options are classified as “long position” under the SFO.

On 5 June 2001, the Directors have been granted the aforesaid share options to subscribe for shares at a subscription price of HK\$1 per share, details of which are set out in the prospectus of the Company dated 12 June 2001. The aforesaid shares options may be exercised not later than 10 years from the date of grant. As at 30 June 2005, the aforesaid shares options have not been exercised and none of them have lapsed during the period under review.

(b) The associated corporation

Interest in associated corporation of the Company

Name of Director	Name of associated corporation	Capacity	Number and class of shares held	Approximate percentage of issued share capital
Mr. Leung Chung Chu, Andrew	Winning Scope Sdn. Bhd.	Beneficial owner	400,000 ordinary shares (long position) <i>(Note)</i>	8.26%

Note: Mr. Leung Chung Chu, Andrew is personally interested in 400,000 shares of Malaysian Ringgit 1 each in Winning Scope Sdn. Bhd., representing approximately 8.26% of the issued share capital of Winning Scope Sdn. Bhd., a company of which the Company is indirectly interested in approximately 22.73% of its issued share capital.

Save as disclosed above, as at 30 June 2005, none of the Directors nor the chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they were taken or deemed to have taken 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 5.68 of the GEM Listing Rules, to be notified to the Company and the Exchange.

SHARE OPTION SCHEMES

Pursuant to the pre-IPO share option scheme (the “Pre-IPO Share Option Scheme”) adopted by the Company on 5 June 2001, certain Directors and participants have been granted options to subscribe for shares at a subscription price of HK\$1 per share, details of which are set out as follows:

Name of grantee	Date of grant	Granted	Number of shares options		Outstanding as at 30 June 2005
			Outstanding as at 1 January 2005	Lapsed during the period under review	
<i>Executive directors</i>					
Mr. Leung Chung Chu, Andrew	5 June 2001	1,200,000	1,200,000	–	1,200,000
Mr. Yau Kar Man	5 June 2001	400,000	400,000	–	400,000
Mr. Ng Wai Lun	5 June 2001	300,000	300,000	–	300,000
Mr. Keung Chi Wai	5 June 2001	400,000	400,000	–	400,000
<i>Independent non-executive directors</i>					
Mr. Chan Kin Wo	5 June 2001	400,000	400,000	–	400,000
Mr. Yow Cecil	5 June 2001	400,000	400,000	–	400,000
<i>Other participants</i>					
Employees in aggregate (Note)	5 June 2001	3,860,000	2,520,000	190,000	2,330,000
Consultants	5 June 2001	700,000	300,000	300,000	–
Madam Yau Sui Ha, Cecilia	5 June 2001	600,000	600,000	600,000	–
Total			<u>6,520,000</u>	<u>1,090,000</u>	<u>5,430,000</u>

Note: Employees are those working under employment contracts regarded as “continuous contracts” under the Employment Ordinance (Chapter 57 of the laws of Hong Kong).

No share options under the share option scheme (the “Share Option Scheme”) adopted by the Company on 5 June 2001 were granted during the six months ended 30 June 2005.

Details of the Pre-IPO Share Option Scheme and the Share Option Scheme are set out in the Company’s 2004 annual report.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2005, so far is known to the Directors, the following persons (not being a Director or a chief executive of the Company) had an interest and/or a short position in the shares and/or underlying shares of the Company which would fall to be disclosed to the Company and the Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO and/or required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO and/or were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any members of the Group.

Name	Capacity	Number and class of shares	Approximate percentage of issued share capital
Mr. Chiu Fu Sheng	Interest of controlled corporation	180,000,000 ordinary shares (long position) <i>(Note)</i>	56.25%
ERA Taiwan	Interest of controlled corporation	180,000,000 ordinary shares (long position) <i>(Note)</i>	56.25%
5D Technology Holdings Ltd. ("5D Technology")	Beneficial owner	180,000,000 ordinary shares (long position) <i>(Note)</i>	56.25%

Note: The 180,000,000 shares are owned by 5D Technology which is a company incorporated in the British Virgin Islands with all its shares held by ERA Taiwan. ERA Taiwan is a company incorporated in Taiwan and Mr. Chiu Fu Sheng and his associates (as defined in the GEM Listing Rules), beneficially own approximately 51.19% of the issued share capital of ERA Taiwan.

Save as disclosed above, as at 30 June 2005, there was no person who had an interest and/or a short position in the shares and/or underlying shares of the Company which would fall to be disclosed to the Company and the Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO and/or required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO and/or was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any members of the Group, or any options in respect of such capital.

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

Neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities during the period under review.

COMPETING INTEREST

The Directors are of the view that ERA Taiwan, being the single largest shareholder of the Company, has not and will not directly compete with the Group in respect of the businesses of distribution of home video products, theatrical, television release and film rights sub-licensing, and games distribution because of geographical differences. However, the Directors are of the view that the internet projects or businesses of ERA Taiwan may continue to expand and there is a risk that the future internet projects or businesses of ERA Taiwan may compete with the Group. Save as disclosed above, as at 30 June 2005, the Directors are not aware of any business or interest of each Director, initial management shareholder and their respective associates (as defined in the GEM Listing Rules) that competes or may compete with the business of the Group or any other conflicts of interest which any such person has or may have with the Group.

AUDIT COMMITTEE

As required by Rules 5.28 to 5.33 of the GEM Listing Rules, the Company has established an audit committee (the "Committee") with written terms of reference which deal clearly with its authority and duties. Its principal duties are to review and supervise the Group's financial reporting process and internal control systems. The Committee comprises three independent non-executive Directors, Mr. Chan Kin Wo, Mr. Yow Cecil and Mr. Yim Chun Leung. The Group's unaudited results for the six months ended 30 June 2005 have been reviewed by the Committee in accordance with Rule 5.30 of the GEM Listing Rules, which was of the opinion that the preparation of such results complied with the applicable accounting standards, the GEM Listing Rules and legal requirements, and that adequate disclosures have been made.

COMPLIANCE WITH RULES 5.54 TO 5.68 OF THE GEM LISTING RULES

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.54 to 5.68 of the GEM Listing Rules throughout the period under review. Having made specific enquiry of all Directors, the Directors have confirmed that they have complied with such code of conduct and required standard of dealings throughout the period under review.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company applied the principles and, subject to the following deviations, complied with all the code provisions as set out in the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules throughout the period under review, except that:

- A2.1 The chairman and chief executive officer of the Company are the same individual;
- A4.2 Not all Directors are subject to retirement by rotation at least once every three years;
- B1 The remuneration committee has not yet set up by the Company.

By Order of the Board
Leung Chung Chu, Andrew
Chairman

Hong Kong, 4 August 2005