



Era Information & Entertainment Limited
年代資訊影視有限公司

年代
ERA

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8043



INTERIM REPORT 2007

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 means 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 2007, together with the unaudited comparative figures for the corresponding periods in 2006 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months ended 30 June 2007 and the six months ended 30 June 2007

	<i>Note</i>	For the three months ended 30 June		For the six months ended 30 June	
		2007 (unaudited) <i>HK\$'000</i>	2006 (unaudited) <i>HK\$'000</i>	2007 (unaudited) <i>HK\$'000</i>	2006 (unaudited) <i>HK\$'000</i>
Turnover	2	12,003	18,689	25,976	38,554
Cost of goods sold		(8,642)	(12,985)	(19,359)	(28,307)
Gross profit		3,361	5,704	6,617	10,247
Other income		188	930	290	993
Selling and distribution costs		(2,309)	(1,735)	(4,406)	(3,876)
Administrative expenses		(4,318)	(4,438)	(8,996)	(8,376)
Other operating expenses		-	70	-	(5,083)
Operating profit/(loss)		(3,078)	531	(6,495)	(6,095)
Finance costs		-	(4)	-	(16)
Profit/(loss) before tax		(3,078)	527	(6,495)	(6,111)
Income tax expense	3	-	(311)	-	(255)
Profit/(loss) for the period attributable to equity holders of the Company	4	(3,078)	216	(6,495)	(6,366)
		<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
Earnings/(loss) per share - basic and diluted	5	(0.962)	0.068	(2.030)	(1.989)

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2007

		30 June 2007 (unaudited) HK\$'000	31 December 2006 (audited) HK\$'000
	<i>Note</i>		
ASSETS			
Non-current assets			
Property, plant and equipment	6	869	837
Club membership		–	650
Deferred tax assets		327	327
		1,196	1,814
Current assets			
Inventories		2,729	3,273
Film rights		2,380	5,256
Trade and other receivables	7	20,342	19,024
Prepayments and deposits		1,691	2,278
Pledged bank deposits		2,689	2,128
Bank and cash balances		8,539	11,089
		38,370	43,048
Total assets		39,566	44,862
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		6	5
Accumulated losses		(47,880)	(41,385)
Total equity		21,317	27,811
Current liabilities			
Trade and other payables	9	18,249	17,051
Total liabilities		18,249	17,051
Total equity and liabilities		39,566	44,862
Net current assets		20,121	25,997
Total assets less current liabilities		21,317	27,811

CONDENSED CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

For the six months ended 30 June 2007

	Attributable to equity holders of the Company				
	Share capital	Share premium	Exchange reserve	Accumulated losses	Total equity
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 January 2007	3,200	65,991	5	(41,385)	27,811
Loss for the period (unaudited)	<u>–</u>	<u>–</u>	<u>1</u>	<u>(6,495)</u>	<u>(6,494)</u>
At 30 June 2007 (unaudited)	<u>3,200</u>	<u>65,991</u>	<u>6</u>	<u>(47,880)</u>	<u>21,317</u>

For the six months ended 30 June 2006

	Attributable to equity holders of the Company				
	Share capital	Share premium	Exchange reserve	Accumulated losses	Total equity
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 January 2006	3,200	65,991	16	(29,309)	39,898
Loss for the period (unaudited)	<u>–</u>	<u>–</u>	<u>–</u>	<u>(6,366)</u>	<u>(6,366)</u>
At 30 June 2006 (unaudited)	<u>3,200</u>	<u>65,991</u>	<u>16</u>	<u>(35,675)</u>	<u>33,532</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2007

	For the six months ended 30 June	
	2007 (unaudited) <i>HK\$'000</i>	2006 (unaudited) <i>HK\$'000</i>
NET CASH (USED IN)/FROM OPERATING ACTIVITIES	7,661	14,343
NET CASH USED IN INVESTING ACTIVITIES	<u>(10,211)</u>	<u>(17,183)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,550)	(2,840)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>11,089</u>	<u>17,310</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>8,539</u></u>	<u><u>14,470</u></u>
ANALYSIS OF CASH AND CASH EQUIVALENTS		
BANK AND CASH BALANCES	<u><u>8,539</u></u>	<u><u>14,470</u></u>

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 and accounting principles generally accepted in Hong Kong.

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 2006 annual report.

The condensed consolidated financial statements for the six months ended 30 June 2007 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 release arrangement, film rights sub-licensing and games distribution.

The Group's primary format for reporting segment information is business segments.

	Theatrical release arrangement and									
	Home video products distribution		film rights sub-licensing		Games distribution		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	
	2007 (unaudited) HK\$'000	2006 (unaudited) HK\$'000	2007 (unaudited) HK\$'000	2006 (unaudited) HK\$'000	2007 (unaudited) HK\$'000	2006 (unaudited) HK\$'000	2007 (unaudited) HK\$'000	2006 (unaudited) HK\$'000	2007 (unaudited) HK\$'000	2006 (unaudited) HK\$'000
REVENUE										
External turnover	24,249	33,080	1,697	4,135	30	1,407	-	-	25,976	38,622
External other income	204	-	-	-	-	-	-	-	204	-
Inter-segment revenue	-	-	-	-	433	630	(433)	(630)	-	-
Total revenue	<u>24,453</u>	<u>33,080</u>	<u>1,697</u>	<u>4,135</u>	<u>463</u>	<u>2,037</u>	<u>(433)</u>	<u>(630)</u>	<u>26,180</u>	<u>38,622</u>
RESULT										
Segment result	<u>(1,139)</u>	<u>2,903</u>	<u>(2,001)</u>	<u>(487)</u>	<u>(547)</u>	<u>(6,535)</u>	<u>(650)</u>	<u>-</u>	<u>(4,337)</u>	<u>(4,119)</u>
Unallocated corporate expenses									(2,239)	(2,901)
Unallocated corporate income									-	799
Operating loss excluding interest income									(6,576)	(6,221)
Interest expenses									-	(16)
Interest income									81	126
Loss before tax									(6,495)	(6,111)
Income tax expense									-	(255)
Loss for the period									<u>(6,495)</u>	<u>(6,366)</u>

3. Income tax expense

The taxation credit/(charged) represents:

	For the three months		For the six months	
	ended 30 June		ended 30 June	
	2007	2006	2007	2006
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Deferred taxation	<u>–</u>	<u>(311)</u>	<u>–</u>	<u>(255)</u>

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 2007 (2006: 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\$76.4 million (31 December 2006: HK\$70.0 million) as at 30 June 2007 available for offset against future taxable income. Included in unrecognised tax losses are losses of approximately HK\$2.5 million, HK\$1.6 million and HK\$ 4.5 million that will expire in 2011, 2010 and 2009 respectively. The remaining unrecognised tax losses may be carried forward indefinitely.

4. Profit/(loss) for the period

The Group's profit/(loss) for the period is stated after charging/(crediting):

	For the three months ended 30 June		For the six months ended 30 June	
	2007	2006	2007	2006
	(unaudited) HK\$'000	(unaudited) HK\$'000	(unaudited) HK\$'000	(unaudited) HK\$'000
Amortisation of film rights	5,908	7,963	12,224	15,608
Bad debts written off	-	69	-	69
Cost of inventories sold (note (i))	1,983	2,586	4,091	7,495
Depreciation	82	56	165	118
Impairment losses				
– Other receivables (note (ii))	-	-	-	5,154
– Inventories (note (ii))	-	-	-	1,081
Reversal of allowance for doubtful debts	-	(70)	-	(70)
Reversal of impairment losses				
– inventories (note (iii))	-	(193)	-	(193)
– film rights	-	(90)	-	(90)
Waiver of loan	-	(799)	-	(799)

Notes:

- (i) Cost of inventories sold includes impairment loss on inventories which are disclosed separately above for the periods.
- (ii) The Group made impairment losses on receivable from licensor and inventories of online games as a result of the close down of operation of the online games licensor.
- (iii) The Group reversed the impairment loss on inventories as a result of sales and disposal of certain video and game products.

5. Earnings/(loss) per share

Basic and diluted loss per share is calculated based on the Group's unaudited loss attributable to equity holders of the Company for the three months ended 30 June 2007 of approximately HK\$3,078,000 and six months ended 30 June 2007 of approximately HK\$6,495,000 (three months and six months ended 30 June 2006: profit of HK\$216,000 and loss of HK\$6,366,000 respectively) and the weighted average number of 320,000,000 shares for the three months and six months ended 30 June 2007 and 2006.

6. Property, plant and equipment

During the six months ended 30 June 2007, the Group acquired property, plant and equipment of approximately HK\$197,000 mainly comprising computers and equipment.

7. Trade and other receivables

Trade and other receivables include trade receivables of approximately HK\$19,949,000 (31 December 2006: HK\$18,622,000). The aged analysis of trade receivables is as follows:

	30 June 2007 (unaudited) HK\$'000	31 December 2006 (audited) HK\$'000
Current – 30 days	3,730	4,370
31 – 60 days	1,946	5,894
61 – 90 days	5,800	3,179
91 – 180 days	4,491	1,969
181 – 365 days	3,282	2,840
Over 1 year	700	370
	<u>19,949</u>	<u>18,622</u>

8. Share capital

	Number of shares	Share capital HK\$'000
Shares of HK\$0.01 each		
Authorised:		
At 31 December 2006 and 30 June 2007	<u>10,000,000,000</u>	<u>100,000</u>
Issued and fully paid:		
At 31 December 2006 and 30 June 2007	<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\$5,204,000 and HK\$4,406,000 respectively (31 December 2006: HK\$5,373,000 and HK\$3,876,000 respectively). The aged analysis of trade payables is as follows:

	30 June 2007 (unaudited) HK\$'000	31 December 2006 (audited) HK\$'000
Current – 30 days	749	1,010
31 – 60 days	556	1,368
61 – 90 days	1,148	1,148
91 – 180 days	1,349	710
181 – 365 days	372	119
Over 1 year	1,030	1,018
	<u>5,204</u>	<u>5,373</u>

The aged analysis of film rights payables is as follows:

	30 June 2007 (unaudited) HK\$'000	31 December 2006 (audited) HK\$'000
Current – 30 days	2,477	1,621
181 – 365 days	3	329
Over 1 year	1,926	1,926
	<u>4,406</u>	<u>3,876</u>

10. Commitments

	30 June 2007 (unaudited) HK\$'000	31 December 2006 (audited) HK\$'000
Unpaid purchase costs due to suppliers	1,764	1,764
Unpaid film rights due to licensors	14,978	11,617
	<u>14,978</u>	<u>11,617</u>

INTERIM DIVIDEND

The Directors do not recommend the payment of any dividend for the six months ended 30 June 2007 (six months ended 30 June 2006: Nil)

MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30 June 2007, the Group recorded a turnover of approximately HK\$26.0 million (2006: approximately HK\$38.6 million), representing a decrease of approximately 32.6% when compared with the six months period ended 30 June 2006. The loss attributable to equity holders for the six months ended 30 June 2007 amounted to approximately HK\$6.5 million (2006: approximately HK\$6.4 million).

Major video titles released during the three months ended 30 June 2007 included “Open Season”, “Ghost Rider”, and “The Pursuit of Happyness”, while the Group has recently released some major video titles, such as “Norbit”. Some other major video titles expected to be released in the second half of the year include “Spider-Man 3”, and “Shrek 3”. For the three months ended 30 June 2007, the Group has not made any theatrical release arrangement for any film title in the People’s Republic of China. The Group is still in the course of sourcing new potential online games, and has not released any new games during the period ended 30 June 2007.

Though there is a change of shareholding from June 2007 and a new management team will be formed in August, the new chairman and Directors will continue with the existing business of the Group.

The new management team is conducting a review of business activities of the Group by considering the market conditions and may bring additional business ideas to the Group.

Liquidity and financial resources

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

As at 30 June 2007, the Group had net current assets of approximately HK\$20.1 million, of which approximately HK\$2.7 million and HK\$8.5 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, United States dollars and Renminbi. 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 2007, the Group's net assets were financed by internal resources through share capital and reserves. Total equity attributable to shareholders was approximately HK\$21.3 million as at 30 June 2007, representing a decrease of approximately 23% over that of 31 December 2006.

Charges on the Group's assets

As at 30 June 2007, the Group's time deposits of approximately HK\$2.7 million were pledged to banks in respect of banking facilities granted to the Group.

Capital commitments

As at 30 June 2007, the Group had commitments of unpaid film rights of approximately HK\$15.0 million due to licensors and commitments of unpaid purchase costs of approximately HK\$1.8 million due to suppliers.

Employee information

As at 30 June 2007, the Group had a total of 51 employees. The total staff costs, including directors' emoluments, amounted to approximately HK\$7.1 million for the period under review.

Save as disclosed hereof, no information in relation to the Group's performance has changed materially from the information disclosed in the Company's 2006 annual report.

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

As at 30 June 2007, 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 held	Approximate percentage of issued share capital
Mr. Ng Wai Lun	Beneficial owner	480,000 ordinary shares (long position)	0.15%

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. 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. For details of the share options granted, please refer to the section headed “Share Option Schemes” below.

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 2007, 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)	8.26%
			(Note)	

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 2007, 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.

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 1 January 2007	Lapsed during the period under review	Outstanding as at 30 June 2007
<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
<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 1)	5 June 2001	3,860,000	2,060,000	170,000	1,890,000
Mr. Keung Chi Wai (Note 2)	5 June 2001	400,000	400,000	400,000	–
Total			<u>5,160,000</u>	<u>570,000</u>	<u>4,590,000</u>

Notes: 1. Employees are those working under employment contracts regarded as “continuous contracts” under the Employment Ordinance (Chapter 57 of the laws of Hong Kong).

2. Mr. Keung Chi Wai has resigned as a Director with effect from 27 January 2007.

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 2007.

Details of the Pre-IPO Share Option Scheme and the Share Option Scheme are set out in the Company’s 2006 annual report.

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

As at 30 June 2007, 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 held	Approximate percentage of issued share capital
Mr. Lee Sung Min	Interest through controlled corporation	205,000,000 ordinary shares (long position) <i>(Note)</i>	64.06%
Vasky Inc.	Beneficial owner	205,000,000 ordinary shares (long position) <i>(Note)</i>	64.06%

Note: Vasky Inc. is wholly-owned by Mr. Lee Sung Min.

Save as disclosed above, as at 30 June 2007, 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 has purchased, redeemed or sold any of the Company's listed securities during the period under review.

COMPETING INTEREST

As at 30 June 2007, 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 and any other conflicts of interest which any such person has or may have with the Group.

AUDIT COMMITTEE

As required by the GEM Listing Rules, the Company has established an audit committee (the "Audit 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 Audit 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 2007 have been reviewed by the Audit Committee, 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 equity 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 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:

Under the code provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The chairman and chief executive officer of the Company are performed by the same individual, Mr. Leung Chung Chu, Andrew. The Directors will meet regularly to consider major matters affecting the operations of the Company. The Directors consider that this structure will not impair the balance of power and authority between the Directors and the management of the Company and believe that this structure will enable the Group to make and implement decisions promptly and efficiently.

Under the code provision A.4.2, every director should be subject to retirement by rotation at least once every three years. The articles of association of the Company before amendments on 27 April 2006 provided that no Director holding office as chairman and/or managing director shall be subject to retirement by rotation. Accordingly, Mr. Leung Chung Chu, Andrew, being the chairman of the Company, was not subject to retirement by rotation. In order to comply with the code provision A.4.2, amendments had been made to the articles of association of the Company at the annual general meeting on 27 April 2006 to specify that every Director shall be subject to retirement by rotation at least once every three years.

By Order of the Board
Era Information & Entertainment Limited
Leung Chung Chu, Andrew
Chairman

Hong Kong, 8 August 2007

As at the date of this report, the executive directors of the Company are Mr. Leung Chung Chu, Andrew, Mr. Yau Kar Man, Mr. Ng Wai Lun, Mr. Lee Sung Min, Mr. Lee Jong Dae and Mr. Kim Beom Soo ; the independent non-executive directors of the Company are Mr. Chan Kin Wo, Mr. Yow Cecil and Mr. Yim Chun Leung.