



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



QUARTERLY REPORT

For the nine months ended 30 September 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.

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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 consolidated results of the Company and its subsidiaries (together the “Group”) for the three months and nine months ended 30 September 2007, together with the unaudited comparative figures for the corresponding periods in 2006 as follows:

	<i>Note</i>	For the three months ended 30 September		For the nine months ended 30 September	
		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	14,234	12,337	40,210	50,891
Cost of goods sold		(10,799)	(10,502)	(30,158)	(38,809)
Gross profit		3,435	1,835	10,052	12,082
Other income		129	78	419	1,071
Selling and distribution costs		(1,664)	(1,542)	(6,070)	(5,418)
Administrative expenses		(6,584)	(4,480)	(15,580)	(12,856)
Other operating expenses		-	-	-	(5,083)
Operating loss	3	(4,684)	(4,109)	(11,179)	(10,204)
Finance costs		-	(2)	-	(18)
Loss before tax		(4,684)	(4,111)	(11,179)	(10,222)
Income tax credit	4	-	255	-	-
Loss for the period attributable to equity holders of the Company		(4,684)	(3,856)	(11,179)	(10,222)
		<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
Loss per share - basic and diluted	5	(1.464)	(1.205)	(3.493)	(3.194)

Notes:

1. Basis of preparation

The unaudited consolidated results 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.

The accounting policies adopted in preparing the unaudited consolidated results for the period under review are consistent with those followed in the Company’s 2006 annual report.

The consolidated results for the nine months ended 30 September 2007 are unaudited and have been reviewed by the audit committee of the Company.

2. Turnover

	For the three months ended 30 September		For the nine months ended 30 September	
	2007 (unaudited) HK\$’000	2006 (unaudited) HK\$’000	2007 (unaudited) HK\$’000	2006 (unaudited) HK\$’000
Home video products distribution	11,518	11,801	35,767	44,813
Theatrical release arrangement and film rights sub-licensing	2,701	519	4,398	4,654
Games distribution	15	17	45	1,424
	<u>14,234</u>	<u>12,337</u>	<u>40,210</u>	<u>50,891</u>

3. Operating loss

For the nine months ended 30 September 2006, included in cost of goods sold was an amount of approximately HK\$0.9 million in respect of an impairment on inventories as a result of close down of the operation of an online games licensor. There is no impairment on inventories for the nine months ended 30 September 2007.

For the nine months ended 30 September 2006, included in other operating expenses was an amount of approximately HK\$5.1 million in respect of an impairment on receivable from an online games licensor. There is no impairment on receivables for the nine months ended 30 September 2007.

For the nine months ended 30 September 2007, included in administrative expenses is an amount of approximately HK\$0.3 million in respect of the loss on disposal of the entire interests of a subsidiary.

4. Income tax credit

The income tax credit represents:

	For the three months ended 30 September		For the nine months ended 30 September	
	2007	2006	2007	2006
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Deferred tax	<u>-</u>	<u>255</u>	<u>-</u>	<u>-</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 nine months ended 30 September 2007 (2006: Nil).

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

5. 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 September 2007 of approximately HK\$4,684,000 and nine months ended 30 September 2007 of approximately HK\$11,179,000 (three months and nine months ended 30 September 2006: HK\$3,856,000 and HK\$10,222,000 respectively) and the weighted average number of 320,000,000 shares for the three months and nine months ended 30 September 2007 and 2006.

6. Movements in reserves

Movement in reserves during the periods are as follows:

	Share premium (unaudited) HK\$'000	Exchange reserve (unaudited) HK\$'000	Accumulated losses (unaudited) HK\$'000	Total (unaudited) HK\$'000
At 1 January 2006	65,991	16	(29,309)	36,698
Loss for the period	<u>-</u>	<u>-</u>	<u>(10,222)</u>	<u>(10,222)</u>
At 30 September 2006	<u>65,991</u>	<u>16</u>	<u>(39,531)</u>	<u>26,476</u>
	Share premium (unaudited) HK\$'000	Exchange reserve (unaudited) HK\$'000	Accumulated losses (unaudited) HK\$'000	Total (unaudited) HK\$'000
At 1 January 2007	65,991	5	(41,385)	24,611
Loss for the period	<u>-</u>	<u>-</u>	<u>(11,179)</u>	<u>(11,179)</u>
At 30 September 2007	<u>65,991</u>	<u>5</u>	<u>(52,564)</u>	<u>13,432</u>

DIVIDEND

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

MANAGEMENT DISCUSSION AND ANALYSIS

For the nine months ended 30 September 2007, the Group recorded a turnover of approximately HK\$40.2 million (nine months ended 30 September 2006: approximately HK\$50.9 million) and a loss attributable to shareholders amounted to approximately HK\$11.2 million (nine months ended 30 September 2006: approximately HK\$10.2 million).

As a result of the weak home video market, turnover for the home video products amounted to approximately HK\$11.5 million for the quarter ended 30 September 2007 representing a slight drop of 2.5% when compared to the same period last year despite the release of a super blockbuster title “Spider-Man 3” in September 2007.

Other major video titles released during the period included “Spider-Man 3” and “Premonition”. Some other major video titles expected to be released in the last quarter of the year include “Surfs Up” and “Shrek 3”. For the three months ended 30 September 2007, the Group has arranged the theatrical release for one film title in the People’s Republic of China with satisfactory results. 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 September 2007.

Following the change in ownership in June 2007, a new management team has been formed in August 2007. Composition of the new management team is as follows:

Executive directors

Mr. Lee Jong Dae

Mr. Lee Sung Min

Mr. Kim Beom Soo

Independent non-executive directors

Mr. Christopher John Parker

Mr. David Marc Boulanger

Mr. Wong Man Hin, Raymond

Please refer to the announcement dated 20 August 2007 for further details.

The new management team proposes to change the name of the Company from “Era Information & Entertainment Limited” to “Vasky Global Inc.” and upon the name change becoming effective, the new Chinese name “擺席綺國際” will be adopted to replace “年代資訊影視有限公司” for identification purposes. The new management team believes that the change of company name would reflect the relationship between the Company and its holding company Vasky Inc. It would also present the Company with a more versatile image which is in line with the new management team’s strategy to explore new business opportunities and penetrate into new markets in the future. The new management team will continue to dedicate its effort in bringing new business ideas to the Group.

The proposed change of the Company’s name will be subject to the passing of a special resolution by the Shareholders at a special general meeting to approve the change of the Company’s name. The special general meeting is currently scheduled to be held in November 2007.

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

As at 30 September 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:

Name of Directors	Capacity	Number and class of shares held	Approximate percentage of issued share capital
Mr. Lee Sung Min	Corporate Interest (Note)	205,012,000 ordinary shares (long position)	64.07%

Note: The 205,012,000 ordinary shares in the Company owned by Mr. Lee Sung Min are beneficially owned by and registered in the name of Vasky Inc.

Save as disclosed above, as at 30 September 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 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 September 2007
			Outstanding as at 30 June 2007	Lapsed during the period under review	
Mr. Leung Chung Chu, Andrew (Note 1)	5 June 2001	1,200,000	1,200,000	1,200,000	–
Mr. Yau Kar Man (Note 1)	5 June 2001	400,000	400,000	400,000	–
Mr. Ng Wai Lun (Note 1)	5 June 2001	300,000	300,000	300,000	–
Mr. Chan Kin Wo (Note 1)	5 June 2001	400,000	400,000	400,000	–
Mr. Yow Cecil (Note 1)	5 June 2001	400,000	400,000	400,000	–
Employees in aggregate (Note 2)	5 June 2001	3,860,000	1,890,000	1,890,000	–
Total			<u>4,590,000</u>	<u>4,590,000</u>	<u>–</u>

Notes:

1. These individuals have resigned as Directors with effect from 17 August 2007.
2. Employees are those working under employment contracts regarded as “continuous contracts” under the Employment Ordinance (Chapter 57 of the laws of Hong Kong).

In June 2007, Vasky Inc. entered into a sale and purchase agreement to acquire approximately 64.06% of the issued share capital of the Company. As a result of the acquisition, Vasky Inc. is required under the Hong Kong Codes on Takeover and Mergers to make an unconditional mandatory cash offer for all the issues shares in the Company as well as for cancellation of all the outstanding options granted under the Pre-IPO Share Option Scheme. At the closing of the unconditional mandatory cash offers, Vasky Inc. did not receive any valid acceptances for the outstanding option.

Pursuant to the terms of the Pre-IPO Share Option Scheme adopted by the Company on 5 June 2001, the Pre-IPO Share Options will lapse automatically on the expiry of one month after the date on which the offer becomes or is declared unconditional. As at the date of this announcement, all the Pre-IPO Share Options have lapsed and there is no outstanding options.

No share options under the share option scheme (the “Share Option Scheme”) adopted by the Company on 5 June 2001 were granted during the three months ended 30 September 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 September 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 5% 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 of substantial shareholder	Capacity	Number and class of shares held	Approximate percentage of issued share capital
Vasky Inc.	Beneficial owner	205,012,000 ordinary shares (long position) (Note)	64.07%

Note: Vasky Inc. is wholly-owned by Mr. Lee Sung Min, an executive director of the Company.

Save as disclosed above, as at 30 September 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 5% 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 September 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. David Marc Boulanger, Mr. Christopher John Parker and Mr. Wong Man Hin, Raymond. The Group’s unaudited results for the nine months ended 30 September 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.

By Order of the Board
Era Information & Entertainment Limited
Lee Jong Dae
Chairman

Hong Kong, 5 November 2007

As at the date of this report, the chairman and executive director of the Company is Mr. LEE Jong-Dae, the remaining executive directors are Mr. KIM Beom Soo and Mr. LEE Sung Min; the independent non-executive directors of the Company are Mr. David Marc BOULANGER, Mr. Christopher John PARKER and Mr. WONG Man Hin, Raymond.