



年代
ERA

Era Information & Entertainment Limited

年代資訊影視有限公司

(於開曼群島註冊成立之有限公司)

股份代號:8043



QUARTERLY REPORT

For the three months ended 31 March 2008

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 content 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 ended 31 March 2008, together with the unaudited comparative figures for the corresponding period in 2007 as follows:

	<i>Note</i>	For the three months ended 31 March	
		2008 (unaudited) HK\$'000	2007 (unaudited) HK\$'000
Turnover	2	7,830	13,973
Cost of goods sold		(5,606)	(10,717)
Gross profit		2,224	3,256
Other income		99	102
Selling and distribution costs		(1,165)	(2,097)
Administrative expenses		(5,858)	(4,678)
Operating loss	3	(4,700)	(3,417)
Income tax expense	4	–	–
Loss for the period attributable to equity holders of the Company		(4,700)	(3,417)
		HK cents	HK cents
Loss per share			
– Basic	5	(1.224)	(1.068)

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 2007 annual report.

2. Turnover

	For the three months ended 31 March	
	2008	2007
	(unaudited)	(unaudited)
	HK\$’000	HK\$’000
Home video products distribution	7,824	12,375
Theatrical release arrangement and film rights sub-licensing	6	1,583
Games distribution	-	15
	<u>7,830</u>	<u>13,973</u>

3. Operating loss

For the three months ended 31 March 2007 (three months ended 31 March 2008: Nil), 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 expense

No provision for Hong Kong and overseas profits tax has been made as the Group has no assessable profits for the three months ended 31 March 2008 (three months ended 31 March 2007: Nil).

5. Loss per share

Basic loss per share is calculated based on the unaudited loss attributable to equity holders of the Company for the three months ended 31 March 2008 of approximately HK\$4,700,000 (three months ended 31 March 2007: HK\$3,417,000) and the weighted average number of 384,000,000 shares for the three months ended 31 March 2008 (three months ended 31 March 2007: 320,000,000 shares).

No diluted loss per share figures have been presented as the Company did not have any dilutive potential shares for the three months ended 31 March 2008 and 2007.

6. Movements in reserves

Movements in reserves during the periods are as follows:

	Share premium (unaudited) <i>HK\$'000</i>	Exchange reserve (unaudited) <i>HK\$'000</i>	Accumulated losses (unaudited) <i>HK\$'000</i>	Total (unaudited) <i>HK\$'000</i>
At 1 January 2007	65,991	5	(41,385)	24,611
Loss for the period	–	–	(3,417)	(3,417)
At 31 March 2007	<u>65,991</u>	<u>5</u>	<u>(44,802)</u>	<u>21,194</u>

	Share premium (unaudited) <i>HK\$'000</i>	Exchange reserve (unaudited) <i>HK\$'000</i>	Accumulated losses (unaudited) <i>HK\$'000</i>	Total (unaudited) <i>HK\$'000</i>
At 1 January 2008	91,066	6	(58,807)	32,265
Exchange difference	–	(141)	–	(141)
Loss for the period	–	–	(4,700)	(4,700)
At 31 March 2008	<u>91,066</u>	<u>(135)</u>	<u>(63,507)</u>	<u>27,424</u>

DIVIDEND

The Directors do not recommend the payment of a dividend for the three months ended 31 March 2008 (three months ended 31 March 2007: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

For the three months ended 31 March 2008, the Group recorded a turnover of approximately HK\$7.8 million (three months ended 31 March 2007: approximately HK\$14.0 million) and a loss of approximately HK\$4.7 million (three months ended 31 March 2007: approximately HK\$3.4 million).

As a result of the weak home video market, turnover for the home video products amounted to approximately HK\$7.8 million for the three months ended 31 March 2008 representing a drop of 36.8% when compared to the same period last year.

New video titles released during the period included 'Heartbreak Kids' and '30 Days of Night' etc. while other new titles expected to be released by the Group in the second quarter include 'Bee Movie' and 'Things We Lost in the Fire', etc. During the period, the Group has not arranged any theatrical release in the People's Republic of China.

On 29 April 2008, the Company entered into an amended term sheet to the memorandum of understanding (the “MOU”) with Dean Management Limited (“Vendor”), a company incorporated in the British Virgin Islands, in relation to amend certain terms of the MOU entered into by the Company and Vendor on 21 December 2007 regarding the possible acquisition of 25% equity interest of the Company established in Mongolia (the “Target Company”) from Vendor for a consideration between US\$2.5 million to US\$5 million (subject to valuation, due diligence and negotiation). The amended term sheet has granted an option to the Purchaser to purchase additional 26% equity interest in the Target Company for additional consideration between US\$2.5 million to US\$5 million (subject to valuation, due diligence and negotiation). Together with the 25% equity interest as agreed in the MOU dated 21 December 2007, the Company is now having the right to acquire 51% of the Target Company which owns concession rights to certain natural resource.

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

As at 31 March 2008, 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 <i>(Note 1)</i>	105,512,000 ordinary shares (long position)	27.48%
Mr. Lee Jong Dae	Corporate Interest <i>(Note 2)</i>	18,000,000 ordinary shares (long position)	4.69%

Notes:

1. The 105,512,000 ordinary shares in the Company owned by Mr. Lee Sung Min are beneficially owned by and registered in the name of Vasky Inc.
2. The 18,000,000 ordinary shares in the Company owned by Mr. Lee Jong Dae are beneficially owned by and registered in the name of Wah Hong Investment Limited.

Save as disclosed above, as at 31 March 2008, 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 SCHEME

Under the terms of the share option scheme (the “Share Option Scheme”) adopted by the Company, Directors are authorised, at their discretion, to invite any Directors and employees of the Group to take up options to subscribe for shares of the Company.

No share options under the Share Option Scheme adopted by the Company on 5 June 2001 were granted during the three months ended 31 March 2008.

Details of the Share Option Scheme are set out in the Company’s 2007 annual report.

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

As at 31 March 2008, 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 of substantial shareholder	Capacity	Number and class of shares held	Approximate percentage of issued share capital
Vasky Inc.	Beneficial owner	105,512,000 ordinary shares (long position) <i>(Note)</i>	27.48%

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

Save as disclosed above, as at 31 March 2008, 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 31 March 2008, 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 Sze Hon, Mr. David Marc Boulanger and Mr. Christopher John Parker. The Group’s unaudited results for the three months ended 31 March 2008 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, 13 May 2008

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. CHAN Sze Hon, Mr. David Marc BOULANGER and Mr. Christopher John PARKER.