

# INTERIM REPORT

For the six months ended 30 June 2008



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



## **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 condensed consolidated results of the Company and its subsidiaries (together the “Group”) for the three months and six months ended 30 June 2008, together with the unaudited comparative figures for the corresponding periods in 2007 as follows:

### CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months and six months ended 30 June 2008

	Note	For the three months ended 30 June		For the six months ended 30 June	
		2008	2007	2008	2007
		(unaudited) HK\$'000	(unaudited) HK\$'000	(unaudited) HK\$'000	(unaudited) HK\$'000
Turnover	2	2,802	12,003	10,632	25,976
Cost of goods sold		(2,647)	(8,642)	(8,253)	(19,359)
Gross profit		155	3,361	2,379	6,617
Other income		291	188	390	290
Selling and distribution costs		(126)	(2,309)	(1,291)	(4,406)
Administrative expenses		(5,442)	(4,318)	(11,300)	(8,996)
Operating loss	3	(5,122)	(3,078)	(9,822)	(6,495)
Income tax expense	4	–	–	–	–
Loss for the period attributable to equity holders of the Company		(5,122)	(3,078)	(9,822)	(6,495)
		<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
Loss per share	5				
– basic		(1.334)	(0.962)	(2.558)	(2.030)
– diluted		N/A	N/A	N/A	N/A

## CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2008

		<b>30 June 2008 (unaudited) HK\$'000</b>	31 December 2007 (audited) HK\$'000
	<i>Note</i>		
<b>ASSETS</b>			
<b>Non-current asset</b>			
Property, plant and equipment	6	153	598
<b>Current assets</b>			
Inventories		806	2,342
Film rights		1,941	1,718
Trade and other receivables	7	6,063	14,815
Prepayments and deposits		21,784	22,262
Pledged bank deposits		1,489	2,741
Bank and cash balances		8,360	13,366
		40,443	57,244
<b>Current liabilities</b>			
Trade and other payables	9	14,056	21,737
<b>Net current assets</b>		<b>26,387</b>	35,507
<b>Total assets less current liabilities</b>		<b>26,540</b>	36,105
<b>Non-current liability</b>			
Convertible bond		400	–
<b>NET ASSETS</b>		<b>26,140</b>	36,105
<b>EQUITY AND RESERVES</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital	8	3,840	3,840
Share premium		91,066	91,066
Exchange reserve		(137)	6
Accumulated losses		(68,629)	(58,807)
<b>TOTAL EQUITY</b>		<b>26,140</b>	36,105

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2008

	Attributable to equity holders of the Company				
	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
At 1 January 2008	3,840	91,066	6	(58,807)	36,105
Loss for the period (unaudited)	<u>–</u>	<u>–</u>	<u>(143)</u>	<u>(9,822)</u>	<u>(9,965)</u>
At 30 June 2008 (unaudited)	<u>3,840</u>	<u>91,066</u>	<u>(137)</u>	<u>(68,629)</u>	<u>26,140</u>

For the six months ended 30 June 2007

	Attributable to equity holders of the Company				
	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total equity <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>

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2008

	For the six months ended 30 June	
	2008	2007
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
NET CASH FROM OPERATING ACTIVITIES	1,134	7,661
NET CASH USED IN INVESTING ACTIVITIES	<u>(6,140)</u>	<u>(10,211)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(5,006)	(2,550)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>13,366</u>	<u>11,089</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>8,360</u></u>	<u><u>8,539</u></u>
ANALYSIS OF CASH AND CASH EQUIVALENTS		
BANK AND CASH BALANCES	<u><u>8,360</u></u>	<u><u>8,539</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 (“HKICPA”) and accounting principles generally accepted in Hong Kong.

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2007 except the Group has applied the new and revised standard, amendment and interpretations (“HKFRSs”) issued by the HKICPA which are effective for the Group’s financial year beginning 1 January 2008. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group’s accounting policies and amount reported for the current or prior accounting periods.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial positions.

The condensed consolidated financial statements for the six months ended 30 June 2008 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		Others		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		For the six months ended 30 June	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
(unaudited) (unaudited)		(unaudited) (unaudited)		(unaudited) (unaudited)		(unaudited) (unaudited)		(unaudited) (unaudited)		(unaudited) (unaudited)		
HK\$'000		HK\$'000		HK\$'000		HK\$'000		HK\$'000		HK\$'000		
REVENUE												
External turnover	10,426	24,249	2	1,697	-	30	204	-	-	-	10,632	25,976
External other income	9	204	-	-	-	-	-	-	-	-	9	204
Inter-segment revenue	-	-	-	-	-	433	-	-	-	(433)	-	-
Total revenue	<u>10,435</u>	<u>24,453</u>	<u>2</u>	<u>1,697</u>	<u>-</u>	<u>463</u>	<u>204</u>	<u>-</u>	<u>-</u>	<u>(433)</u>	<u>10,641</u>	<u>26,180</u>
RESULT												
Segment result	<u>(3,760)</u>	<u>(1,139)</u>	<u>(1,382)</u>	<u>(2,001)</u>	<u>-</u>	<u>(547)</u>	<u>(5)</u>	<u>-</u>	<u>-</u>	<u>(650)</u>	<u>(5,147)</u>	<u>(4,337)</u>
Unallocated corporate expenses											<u>(4,711)</u>	<u>(2,239)</u>
Operating loss excluding interest income											<u>(9,858)</u>	<u>(6,576)</u>
Interest income											<u>36</u>	<u>81</u>
Loss for the period											<u>(9,822)</u>	<u>(6,495)</u>



### 3. Operating loss

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

	For the three months		For the six months	
	ended 30 June		ended 30 June	
	2008	2007	2008	2007
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amortisation of film rights	787	5,908	4,438	12,224
Cost of inventories sold				
<i>(note (i))</i>	-	1,983	-	4,091
Depreciation	38	82	111	165
Impairment losses				
- Other receivables	46	-	46	-
Reversal of impairment losses				
- inventories <i>(note (ii))</i>	(816)	-	(816)	-

*Notes:*

- (i) Cost of inventories sold includes impairment loss on inventories which are disclosed separately above for the periods.
- (ii) The Group reversed the impairment loss on inventories as a result of sales and disposal of certain video and game products.

### 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 and six months ended 30 June 2008 (2007: Nil).

**5. Loss per share**

Basic 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 2008 of approximately HK\$5,122,000 and six months ended 30 June 2008 of approximately HK\$9,822,000 (three months and six months ended 30 June 2007: HK\$3,078,000 and HK\$6,495,000 respectively) and the weighted average number of 384,000,000 shares for the three months and six months ended 30 June 2008 (2007:320,000,000 shares).

A diluted loss per share amount for the three months and six months ended 30 June 2008 has not been disclosed as the convertible bond outstanding during the period had an anti-dilutive effect on the basis loss per share for the period. A diluted loss per share amount for the three months and six months ended 30 June 2007 has not been disclosed as no dilutive potential ordinary shares existed during that period.

**6. Property, plant and equipment**

During the six months ended 30 June 2008, the Group acquired property, plant and equipment of approximately HK\$153,000 mainly comprising computers and equipment.

**7. Trade and other receivables**

Trade and other receivables include trade receivables of approximately HK\$6,063,000 (31 December 2007: HK\$14,815,000). The aged analysis of trade receivables is as follows:

	<b>30 June 2008 (unaudited) HK\$'000</b>	31 December 2007 (audited) HK\$'000
Current – 30 days	<b>561</b>	2,327
31 – 60 days	<b>718</b>	3,474
61 – 90 days	<b>1,119</b>	1,534
91 – 180 days	<b>872</b>	3,020
181 – 365 days	<b>19</b>	2,511
Over 1 year	<b>2,095</b>	1,586
	<hr/> <b>5,384</b> <hr/>	<hr/> 14,452 <hr/>

## 8. Share capital

	Number of shares	Share capital <i>HK\$'000</i>
Shares of HK\$0.01 each		
Authorised:		
At 31 December 2007 and 30 June 2008	<u>10,000,000,000</u>	<u>100,000</u>
Issued and fully paid:		
At 31 December 2007 and 30 June 2008	<u>384,000,000</u>	<u>3,840</u>

## 9. Trade and other payables

Trade and other payables include trade payables and film rights payables of approximately HK\$3,753,000 and HK\$1,511,000 respectively (31 December 2007: HK\$7,512,000 and HK\$3,730,000 respectively). The aged analysis of trade payables is as follows:

	<b>30 June 2008 (unaudited) <i>HK\$'000</i></b>	31 December 2007 (audited) <i>HK\$'000</i>
Current – 30 days	<b>350</b>	1,888
31 – 60 days	<b>64</b>	1,147
61 – 90 days	<b>259</b>	1,044
91 – 180 days	<b>566</b>	1,389
181 – 365 days	<b>987</b>	855
Over 1 year	<u><b>1,527</b></u>	<u>1,189</u>
	<u><b>3,753</b></u>	<u>7,512</u>

The aged analysis of film rights payables is as follows:

	<b>30 June 2008 (unaudited) HK\$'000</b>	31 December 2007 (audited) HK\$'000
Current – 30 days	<b>80</b>	2,295
181 – 365 days	<b>6</b>	-
Over 1 year	<b>1,425</b>	1,435
	<u><b>1,511</b></u>	<u>3,730</u>

#### 10. Capital commitments

	<b>30 June 2008 (unaudited) HK\$'000</b>	31 December 2007 (audited) HK\$'000
Unpaid purchase costs due to suppliers	<b>1,764</b>	1,764
Film rights due to licensors		
Contracted but not provided for	<b>1,693</b>	5,710
Property, plant and equipment		
Authorised but not contracted for	<b>-</b>	199
	<u><b>-</b></u>	<u>5,909</u>

## **INTERIM DIVIDEND**

The Directors do not recommend the payment of any dividend for the six months ended 30 June 2008 (six months ended 30 June 2007: Nil)

## **MANAGEMENT DISCUSSION AND ANALYSIS**

For the six months ended 30 June 2008, the Group recorded a turnover of approximately HK\$10.6 million (2007: approximately HK\$26.0 million), representing a decrease of approximately 59.1% when compared with the six months period ended 30 June 2007. The loss attributable to equity holders for the six months ended 30 June 2008 amounted to approximately HK\$9.8 million (2007: approximately HK\$6.5 million).

As a result of the weak home video market, turnover for the home video products amounted to approximately HK\$10.4 million for the six months ended 30 June 2008 representing a drop of 57% when compared to the same period last year.

New video titles released during the period included ‘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 7 July 2008, the Company entered into a memorandum of understanding with Sakhalin Resources Ltd. (the“Sakhalin”), a company incorporated in the British Virgin Islands, in relation to the Company’s possible acquisition from Sakhalin (the“Possible Acquisition”) for a consideration of approximately HK\$112 million (subject to additional payment based on the Target Group’s performance in calendar year 2011, valuation, due diligence and negotiation) of a 100% equity interest in G.F.T. (FAREAST) Holding Limited, a company incorporated in Hong Kong(the“Target Company”). The Target Company ultimately owns certain coal mining operations in Sakhalin, Russia (the“Coal Mine”). At present, the Coal Mine possesses an exploitable area of approximately 15.5 square kilometres located in Sakhalin, Russia with one general working face in production currently. Details of this are set out in the Company’s announcement dated 7 July 2008.

In addition, on 30 July 2008, as more time is required to carry out the due diligence process, the Company entered into a second amended term sheet to the memorandum of understanding with Dean Management Limited (“Dean”), a company incorporated in the British Virgin Islands, in relation to further extend the closing date of a possible acquisition of 25% equity interest of the company established in Mongolia to 31 December 2008 regarding the memorandum of understanding entered into by the Company and Dean on 21 December 2007 and the amended term sheet dated 29 April 2008. Details of this are set out in the Company’s announcement dated 30 July 2008.

The Board proposes to change the name of the Company from “Era Information & Entertainment Limited” to “Era Holdings Global Limited” and its Chinese name from “年代資訊影視有限公司” to “年代國際控股有限公司” for identification purposes. The Board considers that the proposed new name will reflect the change in control of the Company in August 2007 and provides the Company with a new corporate identity. The Board therefore believes that the proposed change of name of the Company is in the best interests of the Company and the Shareholders as a whole. Details of this are set out in the Company’s announcement dated 15 May 2008. 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.

### **Liquidity and financial resources**

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

As at 30 June 2008, the Group had net current assets of approximately HK\$26.4 million, of which approximately HK\$1.5 million and HK\$8.4 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 2008, the Group’s net assets were financed by internal resources through share capital and reserves. Total equity attributable to shareholders was approximately HK\$26.1 million as at 30 June 2008, representing a decrease of approximately 27.6% over that of 31 December 2007.

### **Charges on the Group’s assets**

As at 30 June 2008, the Group’s time deposits of approximately HK\$1.5 million were pledged to banks in respect of banking facilities granted to the Group.

### **Capital commitments**

As at 30 June 2008, the Group had commitments of unpaid film rights of approximately HK\$1.7 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 2008, the Group had a total of 8 employees. The total staff costs, including directors' emoluments, amounted to approximately HK\$4.3 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 2007 annual report.

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

As at 30 June 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:

### (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. Lee Sung Min	Corporate Interest (Note 1)	105,512,000 ordinary shares (long position)	27.48%
Mr. Lee Jong Dae	Corporate Interest (Note 2)	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 30 June 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 six months ended 30 June 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 30 June 2008, so far as 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.

<b>Name of substantial shareholder</b>	<b>Capacity</b>	<b>Number and class of shares held</b>	<b>Approximate percentage of issued share capital</b>
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 30 June 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 30 June 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 six months ended 30 June 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.

## **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, 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 has established a formal and transparent procedure to protect the interests of the shareholders of the Company. 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 year under review, except that:–

- Code A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Lee Jong Dae is the Chairman and Chief Executive Officer of the Company. The Board consider that this structure will not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the operations of the Board, which comprises experienced and high caliber individuals and meets regularly to discuss issues affecting operations of the Company. The Board believe that this structure is conducive to strong and consistent leadership, enabling the Group to make and implement decisions promptly and efficiently. The Board have full confidence in Mr. Lee and believe that his appointment to the posts of Chairman and Chief Executive Officer is beneficial to the business prospects of the Company.

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

Hong Kong, 11 August 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.*