



Era Information & Entertainment Limited

年代資訊影視有限公司

(incorporated in the Cayman Islands with liability)

Stock Code: 8043

## QUARTERLY REPORT

For the three months ended 31 March 2009

## **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 2009, together with the unaudited comparative figures for the corresponding period in 2008 as follows:

		<b>For the three months ended 31 March</b>	
		<b>2009</b>	2008
		<b>(unaudited)</b>	(unaudited)
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
Turnover	2	<b>262</b>	7,830
Cost of goods sold		<b>(106)</b>	(5,606)
Gross profit		<b>156</b>	2,224
Other income		<b>11,238</b>	99
Selling and distribution costs		–	(1,165)
Administrative expenses		<b>(8,720)</b>	(5,858)
Profit / (loss) from operations	3	<b>2,674</b>	(4,700)
Finance costs		<b>(317)</b>	–
Profit / (loss) before tax		<b>2,357</b>	(4,700)
Income tax expense	4	–	–
Profit / (loss) for the period attributable to equity holders of the Company		<b>2,357</b>	(4,700)
		<b>HK cents</b>	<b>HK cents</b>
Profit / (loss) per share	5		
– Basic		<b>0.599</b>	(1.224)
– Diluted		<b>0.529</b>	N/A

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 2008 annual report.

The Group has not applied the new standards, amendments or interpretations which have been issued but are not yet effective. The Group has already commenced an assessment of their impact but is not yet in a position to state whether they would have a material impact on its results of operations and financial positions.

**2. Turnover**

	<b>For the three months ended 31 March</b>	
	<b>2009</b>	2008
	<b>(unaudited)</b>	(unaudited)
	<b>HK\$’000</b>	HK\$’000
Home video products distribution	-	7,824
Theatrical release arrangement and film rights sub-licensing	-	6
Others	<b>262</b>	-
	<b>262</b>	<b>7,830</b>

**3. Profit / (loss) from operations**

For the three months ended 31 March 2009, included in administrative expenses is an amount of approximately HK\$1.5 million in respect of allowance for doubtful debts (three months ended 31 March 2008: Nil).

**4. Income tax expense**

No provision for Hong Kong and overseas profits tax has been made as the Group has sufficient tax losses brought forward to set off against current period’s assessable profit. (three months ended 31 March 2008: Nil).

**5. Profit / (loss) per share**

The calculation of basic profit per share attributable to equity holders of the Company is based on the profit for the period attributable to equity holders of the Company of approximately HK\$2,357,000 (loss for the three months ended 31 March 2008: HK\$4,700,000) and the weighted average number of ordinary shares of 393,488,800 (three months ended 31 March 2008: 384,000,000) in issue during the period.

The calculation of diluted profit per share attributable to equity holders of the Company for the period is based on the adjusted profit for the period attributable to equity holders of the Company of approximately HK\$2,412,000 and the adjusted weighted average number of ordinary share outstanding of 456,364,800 to assume the conversion of convertible bonds. The convertible bonds are assumed to have been converted into ordinary shares, and the profit for the period attributable to equity holders of the Company is adjusted to eliminate the interest expenses and fair value gain on the derivatives.

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

## 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>	Share option reserve (unaudited) <i>HK\$'000</i>	Accumulated reserve (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)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 31 March 2008	<u>91,066</u>	<u>(135)</u>	<u>–</u>	<u>(63,507)</u>	<u>27,424</u>

	Share premium (unaudited) <i>HK\$'000</i>	Exchange reserve (unaudited) <i>HK\$'000</i>	Share option reserve (unaudited) <i>HK\$'000</i>	Accumulated reserve (unaudited) <i>HK\$'000</i>	Total (unaudited) <i>HK\$'000</i>
At 1 January 2009	91,066	(419)	2,338	(86,004)	6,981
Profit for the period	–	–	–	2,357	2,357
Recognition of share-based payments	–	–	1,269	–	1,269
Issue of shares	1,620	–	–	–	1,620
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 31 March 2009	<u>92,686</u>	<u>(419)</u>	<u>3,607</u>	<u>(83,647)</u>	<u>12,227</u>

## INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the three months ended 31 March 2009 (three months ended 31 March 2008: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

For the three months ended 31 March 2009, the Group recorded turnover of approximately HK\$262,000 for the period as a result of economic downturn and a lack of major video titles and theatrical release arrangement of film title released in the period under review.

Nevertheless, the Group has recorded a profit of approximately HK\$2.4 million for the period resulting from the reversal of the allowance on deposit paid for a proposed acquisition of approximately HK\$10.2 million. The profit for the period has been partially offset by equity-settled share-based payments of approximately HK\$1.3 million, legal and professional fees incurred for the due diligence reviews of approximately HK\$2.9 million and allowance for doubtful debts of approximately HK\$1.5 million.


Due to the highly competitive home video products market and the challenges from illegal internet download and piracy, the Group continues to actively consider the diversification of business into new areas of high-growth potential which will be in the best interest of the Company.

The Board has been seeking opportunities in energy resources due to its long-term positive outlook. In addition, the Board is also exploring opportunities in the equipment manufacturing sector related to mining and general infrastructure.

The Company believes that, despite the current global economic downturn, the economic growth and infrastructure development in the PRC in mid-to-long term would unlikely be slowed down. The recent incentive austerity measures as announced by the PRC government, in particular the reconstruction of the infrastructure after the earthquake in Sichuan province and ongoing urbanization scheme, have presented attractive opportunities for infrastructure related industries such as equipment for the manufacture of construction materials.

On 16 April 2009, Vasky Energy Limited, a wholly-owned subsidiary of the Company entered into a sale and purchase agreement (the "Agreement") with, American Investors In China, LLC, and G. F. Transnational, Inc. (the "Sellers"), in relation to the acquisition of the entire issued capital of Key Target Holdings Limited, which is incorporated in Hong Kong and which will acquire a 50% equity interest in Xi'An Eastern Star Electric-Mechanical Limited Liability Company ("Eastern Star"), a sino-foreign joint venture company established in the PRC, which manufactures machinery and related moulds as well as modules for the manufacture of concrete masonry products, modular concrete products and other building materials (the "Acquisition").

Pursuant to the Agreement, the Sellers will procure that on or before the Completion, the Company will be entitled to nominate and Eastern Star shall appoint a total of three out of four directors to the board of directors of Eastern Star, representing a majority control to Eastern Star. Upon the fact that the majority of the board composition of Eastern Star is controlled by the Company, Eastern Star will be treated as a subsidiary of the Company and its financial results will be consolidated with the Group according to Hong Kong Financial Reporting Standards.



The consideration of the Acquisition is HK\$2,800,000 subject to the terms and conditions of the Agreement. As the applicable percentage ratios for the Acquisition under the GEM Listing Rules are more than 100%, the Acquisition constitutes a very substantial acquisition for the Company under the GEM Listing Rules and is subject to the approval of the shareholders at the extraordinary general meeting of the Company.

Upon Completion, the Company expects to benefit from Eastern Star's machinery and equipment manufacturing expertise and operational expertise and know-how and also tap into infrastructure-related building materials, which coincides with the Company's view to diversify its business into infrastructure and equipment manufacturing related industries.

To reflect the change in control of the Company in August 2007 and subsequent change of business strategy the Company decided on a new corporate identity. The Board proposed change of 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". The Board believes that the proposed change of name of the Company is in the best interests of the Company and the Shareholders as a whole.

On 4 May 2009, a special resolution was passed at a general meeting of the Company by shareholders of the Company for the change of name of the Company. The new company name will take effect upon the approval by the Registrar of Companies in Cayman Islands and Hong Kong.

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

As at 31 March 2009, 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 1)	105,512,000 ordinary shares (long position)	26.46%
Mr. Lee Jong Dae	Corporate Interest (Note 2)	18,000,000 ordinary shares (long position)	4.50%

*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. Wah Hong Investments Limited is wholly and beneficially owned by Mr. Lee Jong Dae, the chairman and executive director.



Long positions in underlying shares of equity derivatives of the Company

<b>Name of Directors</b>	<b>Capacity</b>	<b>Description of equity derivatives (number and class of underlying shares)</b>	<b>Approximate percentage of issued share capital</b>
Mr. Lee Jong Dae	Beneficial owner	share options to subscribe for shares (3,800,000 ordinary shares) <i>(Note)</i>	0.95%
Mr. Lee Sung Min	Beneficial owner	share options to subscribe for shares (900,000 ordinary shares) <i>(Note)</i>	0.23%
Mr. Kim Beom Soo	Beneficial owner	share options to subscribe for shares (900,000 ordinary shares) <i>(Note)</i>	0.23%
Mr. David Marc Boulanger	Beneficial owner	share options to subscribe for shares (900,000 ordinary shares) <i>(Note)</i>	0.23%
Mr. Christopher John Parker	Beneficial owner	share options to subscribe for shares (900,000 ordinary shares) <i>(Note)</i>	0.23%
Mr. Chan Sze Hon	Beneficial owner	share options to subscribe for shares (300,000 ordinary shares) <i>(Note)</i>	0.08%

*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 Scheme” below.

Save as disclosed above, as at 31 March 2009, 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

The following table discloses details of options outstanding under the Company's share option scheme (the "Share Option Scheme") adopted by the Company on 5 June 2001.

Name of grantee	Date of grant	Granted	Number of shares options		Outstanding as at 31 March 2009
			Outstanding as at 1 January 2009	Lapsed during the period under review	
Mr. Lee Jong Dae	10 July 2008	3,800,000	3,800,000	-	3,800,000
Mr. Lee Sung Min	10 July 2008	900,000	900,000	-	900,000
Mr. Kim Beom Soo	10 July 2008	900,000	900,000	-	900,000
Mr. David Marc Boulanger	10 July 2008	900,000	900,000	-	900,000
Mr. Christopher John Parker	10 July 2008	900,000	900,000	-	900,000
Mr. Chan Sze Hon	10 July 2008	300,000	300,000	-	300,000
Employees in aggregate	10 July 2008	4,900,000	4,900,000	-	4,900,000
Advisors and Consultants	10 July 2008	25,800,000	25,800,000	-	25,800,000
Total			<u>38,400,000</u>	<u>-</u>	<u>38,400,000</u>

The share options were granted on 10 July 2008 at the exercise price of HK\$0.40 per share with exercisable period from 10 July 2009 to 9 July 2013.

Details of the Share Option Scheme are set out in the Company's 2008 annual report.

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

As at 31 March 2009, 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)	26.46%
		<i>(Note)</i>	

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

Save as disclosed above, as at 31 March 2009, 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 2009, 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 2009 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, 11 May 2009

*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.*