

QUARTERLY REPORT

For the three months ended 31 March 2010



ERA Holdings Global Limited

年代國際控股有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code: 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 Holdings Global 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 2010, together with the unaudited comparative figures for the corresponding period in 2009 as follows:

	<i>Note</i>	For the three months ended 31 March	
		2010 (unaudited) HK\$'000	2009 (unaudited) HK\$'000
Turnover	2	285	262
Cost of goods sold		(121)	(106)
Gross profit		164	156
Other income		15	11,238
Fair value (loss) / gain on derivative component of convertible bonds		(8,244)	262
Administrative expenses		(4,357)	(8,982)
(Loss) / profit from operations	3	(12,422)	2,674
Finance costs		(352)	(317)
(Loss) / profit before tax		(12,774)	2,357
Income tax expense	4	–	–
(Loss) / profit for the period attributable to equity holders of the Company		<u>(12,774)</u>	<u>2,357</u>
		<i>HK cents</i>	<i>HK cents</i>
(Loss) / earning per share	5		
– Basic		<u>(3.191)</u>	<u>0.599</u>
– Diluted		<u>N/A</u>	<u>0.529</u>

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 2009 annual report. The consolidated results for the three months ended 31 March 2010 are unaudited and have been reviewed by audit committee of the Company.

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

	For the three months ended 31 March	
	2010	2009
	(unaudited)	(unaudited)
	HK\$’000	HK\$’000
Consultancy services income	285	262

3. (Loss) / profit from operations

For the three months ended 31 March 2010, the fair value loss of approximately HK\$8,594,000 (three months ended 31 March 2009: gain of approximately HK\$262,000) on derivative component, representing the embedded options of convertible bonds, was estimated of the issuance and each balance sheet date using option pricing model and the change in fair value of that component is recognized in the income statement.

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 2010 (three months ended 31 March 2009: Nil).

5. (Loss) / earning per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the period attributable to owners of the Company of approximately HK\$12,774,000 (profit for the three months ended 31 March 2009: HK\$2,357,000) and the weighted average number of ordinary shares of 400,261,692 (three months ended 31 March 2009: 393,488,800) in issue during the period.

No diluted loss per share figures are presented for the three months ended 31 March 2010 as the effect of all potential ordinary shares are anti-dilutive for the period. The calculation of diluted earning per share attributable to owners of the Company for the three months ended 31 March 2009 were based on the adjusted profit for the period attributable to owners 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.

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 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>

	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 2010	92,871	(514)	4,877	(116,926)	(19,692)
Loss for the period	–	(39)	–	(12,774)	(12,813)
Conversion of convertible bonds	390	–	–	–	390
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 2010	<u>93,261</u>	<u>(553)</u>	<u>4,877</u>	<u>(129,700)</u>	<u>(32,115)</u>

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the three months ended 31 March 2010 (three months ended 31 March 2009: Nil).



MANAGEMENT DISCUSSION AND ANALYSIS

For the three months ended 31 March 2010, the Group recorded a turnover of approximately HK\$285,000 (three months ended 31 March 2009: approximately HK\$262,000), turnover for the period represents corporate secretarial consultancy services income.

The Group has recorded a loss of approximately HK\$12.7 million for the three months ended 31 March 2010, largely due to the fair value loss on derivative of approximately HK\$8.2 million. For the same period last year, as an one off income reversal of the allowance on deposit paid of approximately HK\$10.2 million, therefore a profit for the period had recorded accordingly.

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.

On 9 October 2009, Vasky Energy Limited (“Vasky Energy”), a wholly owned subsidiary of the Company, and Mining Machinery Limited (the “Vendor”), a company incorporated in Mauritius, entered into the conditional sale and purchase agreement relating to the sale and purchase of 100% of the issued share capital of International Mining Machinery Siwei Holdings Limited, a company incorporated in Hong Kong with limited liability and its subsidiary (the “Target Group”) (“Acquisition”). The aggregate consideration for Acquisition payable by Vasky Energy to the Vendor shall be HK\$1,164,000,000, which shall be satisfied by procuring the Company to issue 4,000,000,000 consideration shares at an issue price of HK\$0.291 per consideration share to the Vendor at completion. The Target Group manufactures in the PRC hydraulic roof supports designed for underground coal mining. Acquisition constitutes a very substantial acquisition for the Company under the GEM Listing Rules. Immediately upon completion of Acquisition, the interest of the Vendor and its concert parties will exceed 30% of the enlarged issued share capital of the Company and will become a controlling shareholder of the Company. Details are set out in the Company’s announcement dated 20 November 2009.

Further on 22 January 2010, the Company made a new listing application to the Stock Exchange as Acquisition and the transactions contemplated under the sale and purchase agreement constitute a reverse takeover for the Company under Rule 19.06(6)(a) of the GEM Listing Rules, and the Company will therefore be treated as if it were a new listing applicant under Rule 19.54 of the GEM Listing Rules. Currently, Acquisition is in the process of being approved by the Hong Kong regulators and further announcement will be made as and when appropriate in accordance with the GEM Listing Rules.

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

As at 31 March 2010, 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)	70,352,000 ordinary shares (long position)	17.56%
Mr. Lee Jong Dae	Corporate Interest (Note 2)	18,000,000 ordinary shares (long position)	4.49%

Notes:

1. The 70,352,000 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

Name of Directors	Capacity	Description of equity derivatives (number and class of underlying shares)	Approximate percentage of issued share capital
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>	0.22%
Mr. Kim Beom Soo	Beneficial owner	share options to subscribe for shares (900,000 ordinary shares) <i>(Note)</i>	0.22%
Mr. David Marc Boulanger	Beneficial owner	share options to subscribe for shares (900,000 ordinary shares) <i>(Note)</i>	0.22%
Mr. Christopher John Parker	Beneficial owner	share options to subscribe for shares (900,000 ordinary shares) <i>(Note)</i>	0.22%
Mr. Chan Sze Hon	Beneficial owner	share options to subscribe for shares (300,000 ordinary shares) <i>(Note)</i>	0.07%

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 2010, 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 2010
			Outstanding as at 1 January 2010	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 2009 annual report.

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

As at 31 March 2010, 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.

Name of substantial shareholder	Capacity	Number and class of shares held	Approximate percentage of issued share capital
Vasky Inc.	Beneficial owner	70,352,000 ordinary shares (long position)	17.56%
		<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 2010, 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 2010, 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 2010 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 Holdings Global Limited
Lee Jong Dae
Chairman

Hong Kong, 11 May 2010

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.