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)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 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 mean 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.

RESULTS

The board of directors of the Company (the "Board") are pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2009, together with the comparative audited consolidated figures for 2008 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2009

	Note	**2009** **HK$'000**	2008 HK$'000
Turnover	*4*	**2,599**	15,955
Cost of goods sold		**(540)**	(13,256)
Gross profit		**2,059**	2,699
Other income	*5*	**12,071**	2,140
Fair value (loss)/gain on derivative components of convertible bonds		**(13,507)**	6,845
Selling and distribution costs		**–**	(1,066)
Administrative expenses		**(23,720)**	(25,715)
Gain on disposal of a subsidiary		**–**	1,484
Other operating expenses		**(6,473)**	(12,753)
Loss from operations		**(29,570)**	(26,366)
Finance costs	*7*	**(1,349)**	(831)
Loss before tax		**(30,919)**	(27,197)
Income tax expense	*8*	**(3)**	–
Loss for the year attributable to owners of the Company	*9*	**(30,922)**	(27,197)
		HK Cents	*HK Cents*
Loss per share	*11*		
Basic		**(7.78)**	(7.08)
Diluted		**N/A**	(8.03)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2009

	2009	2008
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company	**(30,922)**	(27,197)
Other comprehensive income:		
Exchange differences on translating foreign operations	**(95)**	(412)
Other comprehensive income for the year, net of tax	**(95)**	(412)
Total comprehensive income for the year attributable to owners of the Company	**(31,017)**	(27,609)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2009

	Note	2009 HK$'000	2008 HK$'000
Non-current assets			
Property, plant and equipment		**260**	399
Current assets			
Film rights		**–**	–
Trade and other receivables	*12*	**6,100**	5,705
Prepayments and deposits		**19,486**	28,986
Income tax recoverable		**9**	–
Pledged bank deposits		**34**	1,477
Bank and cash balances		**5,266**	6,466
		30,895	42,634
Current liabilities			
Trade and other payables	*13*	**15,901**	16,088
Derivative components of convertible bonds		**14,548**	1,041
Convertible bonds – current portion		**394**	–
Current tax liabilities		**–**	11
		30,843	17,140
Net current assets		**52**	25,494
Total assets less current liabilities		**312**	25,893
Non-current liabilities			
Convertible bonds – non-current portion		**16,008**	15,072
Net (liabilities)/assets		**(15,696)**	10,821
Capital and reserves			
Share capital		**3,996**	3,840
Share premium		**92,871**	91,066
Share option reserve		**4,877**	2,338
Exchange reserve		**(514)**	(419)
Accumulated losses		**(116,926)**	(86,004)
(CAPITAL DEFICIENCY)/TOTAL EQUITY		**(15,696)**	10,821

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2009

	Attributable to owners of the Company					
	Share capital	**Share premium**	**Share option reserve**	**Exchange reserve**	**Accumulated losses**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2008	3,840	91,066	–	6	(58,807)	36,105
Total comprehensive income for the year	–	–	–	(412)	(27,197)	(27,609)
Recognition of share-based payments	–	–	2,338	–	–	2,338
Disposal of a subsidiary	–	–	–	(13)	–	(13)
Changes in equity for the year	–	–	2,338	(425)	(27,197)	(25,284)
At 31 December 2008	3,840	91,066	2,338	(419)	(86,004)	10,821
At 1 January 2009	3,840	91,066	2,338	(419)	(86,004)	10,821
Total comprehensive income for the year	–	–	–	(95)	(30,922)	(31,017)
Issue of shares	156	1,805	–	–	–	1,961
Recognition of share-based payments	–	–	2,539	–	–	2,539
Changes in equity for the year	156	1,805	2,539	(95)	(30,922)	(26,517)
At 31 December 2009	3,996	92,871	4,877	(514)	(116,926)	(15,696)

Notes:

1. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting year beginning on 1 January 2009. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting polices, presentation of the Group's financial statements and amounts reported for the current year and prior years except as stated below.

(a) Presentation of Financial Statements

HKAS 1 (Revised) "Presentation of Financial Statements" affects certain disclosures and presentation of the financial statements. The balance sheet is renamed as the statement of financial position and the cash flow statement is renamed as the statement of cash flows. All income and expenses arising from transactions with non-owners are presented in the income statement and statement of comprehensive income, and the total carried to the statement of changes in equity. The owner changes in equity are presented in the statement of changes in equity. HKAS 1 (Revised) also requires disclosures of the reclassification adjustments and tax effects relating to each component of other comprehensive income for the year. HKAS 1 (Revised) has been applied retrospectively.

(b) Operating Segments

HKFRS 8 "Operating Segments" requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. Previously, HKAS 14 "Segment Reporting" required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's "system of internal financial reporting to key management personnel" serving as the starting point for the identification of such segments. HKFRS 8 results in a redesignation of the Group's reportable segments, but has had no impact on the reported results or financial position of the Group. HKFRS 8 has been applied retrospectively.

The segment accounting policies under HKFRS 8 are stated in note 6 to the financial statements.

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 position.

2. SIGNIFICANT ACCOUNTING POLICIES

The Group incurred a loss attributable to owners of the Company of approximately HK$30,922,000 for the year ended 31 December 2009 and as at 31 December 2009 the Group had net liabilities of approximately HK$15,696,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

These financial statements have been prepared on a going concern, the validity which depends upon the success of the fund raising activities of the Company to obtain funding to finance the working capital requirement of the Group. In the opinion of the directors, the liquidity and going concern of the Group can be maintained in the coming year, after taking into consideration of the expected outcome of the success of the fund raising plan the directors currently in discussion with the potential investors. In the opinion of the directors, in light of the measures and arrangements implemented to date, together with the expected results of other measures and arrangements in progress and as planned, the Group will have sufficient financial resources to satisfy its operation, future working capital and other financing requirements for the foreseeable future. Accordingly, the directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

These financial statements have been prepared in accordance with HKFRSs and the applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of derivatives which are carried at their fair values.

The preparation of financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise its judgements in the process of applying the accounting policies.

3. AUDITOR'S OPINION

In the auditor's opinion, the consolidated statements of financial position give a true and fair view of the state of affairs of the Group as at 31 December 2009 and the Group's results and cash flows for the year then ended in accordance with HKFRSs and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

3. AUDITOR’S OPINION (Continued)

Material uncertainty relating to the going concern basis

Without qualifying the opinion, the auditor draws attention to the following matters:

As explained in note 2 to the financial statements which mentions that the Group incurred a loss attributable to owners of the Company of approximately HK$30,922,000 for the year ended 31 December 2009 and as at 31 December 2009 the Group had net liabilities of approximately HK$15,696,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group’s ability to continue as a going concern. The financial statements have been prepared on a going concern basis, the validity of which depends upon whether the Group can successfully implement measure as set out in note 2 to the financial statements in order to have sufficient working capital to finance the operations of the Group. The financial statements do not include any adjustments that would result from the failure to obtain the financial support. The auditor consider that the material uncertainty has been adequately disclosed in the financial statements.

4. TURNOVER

The Group is principally engaged in theatrical release arrangement and film rights sub-licensing, and consultancy services. It also engaged in home video products distribution in the previous years. An analysis of the Group’s turnover is as follows:

	2009	2008
	HK$’000	*HK$’000*
Home video products distribution	**–**	15,691
Theatrical release arrangement and film rights sub-licensing	**1,395**	264
Consultancy services income	**1,204**	–
	2,599	15,955

5. OTHER INCOME

	2009	2008
	HK$’000	*HK$’000*
Accountancy fee income	**90**	236
Bad debts recovered	**182**	–
Bank interest income	**13**	96
Consultancy services income	**–**	882
Distribution income	**–**	9
Management fee income	**–**	150
Other interest income	**824**	–
Rental income	**420**	402
Reversal of allowance for prepayments and deposits	**10,168**	–
Sundry income	**374**	365
	12,071	2,140

6. SEGMENT INFORMATION

In prior years, segment information reported externally was analysed on the basis of the types of goods/services supplied by the Group's operating divisions (i.e. home video products distribution, theatrical release arrangement and film rights sub-licensing). However, information reported to the Group's Chief Executive Officer for the purposes of resource allocation and assessment of performance focuses more specifically on the category of nature for each type of goods/services. The principal categories of nature for these goods/services are video related products and consultancy services. The Group's reportable segments under HKFRS 8 are therefore as follows:

Video related products	–	Sale of home video products, arrange distribution of motion pictures and sub-licensing film rights
Consultancy services	–	Provision of corporate secretarial consultancy services

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

The accounting policies of the operating segments are the same as those described in note 1 to the financial statements. Segment profits or losses do not include dividend income, and gains or losses from fair value change in derivative components of convertible bonds. Segment assets do not include amounts due from related parties, investments and derivative. Segment liabilities do not include tax liabilities, corporate borrowings, convertible loans and its derivative components.

The Group accounts for intersegment sales and transfers as if the sales or transfers were to third parties, i.e. at current market prices.

6. SEGMENT INFORMATION (Continued)

Information about reportable segment profit or loss, assets and liabilities:

Year ended 31 December 2009

	Video related products	**Consultancy services**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
Revenue from external customers	**1,395**	**1,204**	**2,599**
Segment (loss)/profit	**(2,312)**	**13**	**(2,299)**
Interest revenue	**12**	**–**	**12**
Interest expense	**13**	**–**	**13**
Depreciation and amortisation	**139**	**–**	**139**
Income tax expense	**–**	**3**	**3**
Other material non-cash items:			
Allowance on trade receivables	**29**	**489**	**518**
Allowance on other receivables	**121**	**–**	**121**
Written off of trade receivables	**1,496**	**–**	**1,496**
Written off of prepayments and deposits	**33**	**–**	**33**
As at 31 December 2009			
Segment assets	**3,020**	**1,976**	**4,996**
Segment liabilities	**6,233**	**1,661**	**7,894**

Year ended 31 December 2008

	Video related products	Consultancy services	Total
	HK$'000	*HK$'000*	*HK$'000*
Revenue from external customers	15,955	882	16,837
Segment loss	(7,875)	(14)	(7,889)
Interest revenue	76	1	77
Interest expense	–	12	12
Depreciation and amortisation	202	–	202
Other material non-cash items:			
Allowance on trade receivables	1,614	–	1,614
As at 31 December 2008	–	–	–
Segment assets	11,066	2,322	13,388
Segment liabilities	8,288	2,021	10,309

6. SEGMENT INFORMATION (Continued)

Reconciliations of reportable segment revenue, profit or loss, assets and liabilities:

	2009	2008
	HK$'000	*HK$'000*
Revenue		
Total revenue of reportable segments and consolidated revenue	**2,599**	16,837
Profit or loss		
Total profit or loss of reportable segments	**(2,299)**	(7,889)
Other profit or loss	**(20,980)**	(17,469)
(Loss)/gain on fair value on derivative components of convertible bonds	**(13,507)**	6,845
Reversal of impairment loss on prepayments and deposits	**10,168**	–
Impairment loss on other receivables	**(4,304)**	(10,168)
Gain on disposal of subsidiary	**–**	1,484
Consolidated loss for the year	**(30,922)**	(27,197)
Assets		
Total assets of reportable segments	**4,996**	13,388
Other assets	**26,159**	29,645
Consolidated total assets	**31,155**	43,033
Liabilities		
Total liabilities of reportable segments	**7,894**	10,309
Other liabilities	**8,007**	5,791
Convertible bonds	**30,950**	16,112
Consolidated total liabilities	**46,851**	32,212

Geographical information

The majority revenue generated by the Group for the two years ended 31 December 2009 and 2008 were attributable to customers based in Hong Kong. In addition, majority of the Group's non-current assets are located in Hong Kong. Accordingly, no geographical analysis is presented.

Revenue from major customers:

Revenue generated from one single customer of the Group's video related products segment during the year represents approximately HK$1,395,000 (2008: HK$6,865,000) of the Group's total revenue.

7. FINANCE COSTS

	2009	2008
	HK$'000	*HK$'000*
Interest on convertible bonds wholly repayable within five years	**1,330**	831
Interest on other loans not wholly repayable within five years	**14**	–
Interest on bank overdrafts	**5**	–
	1,349	831

8. INCOME TAX EXPENSE

	2009	2008
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax		
Provision for the year	**3**	–

Hong Kong Profits Tax has been provided at a rate of 16.5% on the estimated assessable profit for the year ended 31 December 2009. No provision for Hong Kong Profits Tax has been made for the year ended 31 December 2008 as the Group did not generate any assessable profit during that year.

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof. No provision for overseas tax was required as there was no assessable profit for both years.

9. LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

The Group's loss for the year attributable to owners of the Company is stated after charging/(crediting):

	2009	2008
	HK$'000	*HK$'000*
Allowance for doubtful debts		
– Trade and other receivables	**4,942**	1,919
– Prepayments and deposits	**–**	10,168
Amortisation of film rights (included in cost of goods sold)	**–**	6,803
Auditor's remuneration		
– Current year	**537**	526
– Under/(over)-provision in prior years	**59**	(21)
	596	505
Bad debts written off	**1,529**	–
Cost of inventories sold *(note)*	**–**	13,256
Depreciation	**139**	202
Director's emoluments		
– As directors	**258**	249
– For management	**1,541**	881
	1,799	1,130
Film rights written off	**–**	1,241
Gain on disposal of a subsidiary	**–**	(1,484)
Gain on disposal of property, plant and equipment	**–**	(80)
Goodwill written off	**–**	85
Inventories written off	**–**	1,014
Operating lease rentals in respect of land and buildings	**951**	1,481
Other equity-settled share-based payments	**1,900**	1,571
Property, plant and equipment written off	**–**	496
Staff costs including directors' emoluments		
– Salaries and other costs	**5,711**	8,504
– Equity-settled share-based payments	**833**	767
– Retirement benefit scheme contributions	**103**	174
	6,647	9,445
Reversal of allowance for doubtful debts		
– Trade and other receivables	**(182)**	(401)
– Prepayments and deposits	**(10,168)**	–
Reversal of allowance for inventories (included in cost of goods sold)	**–**	(816)

Note:

For the year ended 31 December 2008, cost of inventories sold includes inventories written off of approximately HK$1,014,000 and reversal of allowance for inventories of approximately HK$816,000 which included in the amounts disclosed separately.

10. DIVIDENDS

No dividends have been paid or declared by the Company during the year (2008: Nil).

11. LOSS PER SHARE

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of approximately HK$30,922,000 (2008: HK$27,197,000) and the weighted average number of ordinary shares of 397,667,883 (2008: 384,000,000) in issue during the year.

No diluted loss per share figures are presented for the year ended 31 December 2009 as the effects of all potential ordinary shares are anti-dilutive for this year. The calculation of diluted loss per share attributable to owners of the Company for the year ended 31 December 2008 was based on the adjusted loss for that year attributable to owners of the Company of approximately HK$33,211,000 and the adjusted weighted average number of ordinary share outstanding of 413,538,240 to assume the conversion of convertible bonds. The convertible bonds was assumed to be converted into ordinary shares, and the loss for that year attributable to owners of the Company was adjusted to eliminate the interest expenses and fair value gain on the derivates.

	2008
	HK$'000
Loss attributable to owners of the Company	
Loss attributable to owners of the Company for the purpose of calculating basic loss per share	27,197
Finance costs saving on conversion of outstanding convertible bonds	(831)
Fair value gain on derivative components of convertible bonds	6,845
Loss for the purpose of calculating diluted loss per share	33,211

	2008
	'000
Number of shares	
Weighted average number of ordinary shares in issue	384,000
Effect of dilutive potential ordinary shares arising from convertible bonds outstanding	29,538
Weighted average number of ordinary shares for the purpose of calculating diluted loss per share	413,538
Diluted loss per share (Hong Kong Cents per share)	8.03

12. TRADE AND OTHER RECEIVABLES

	Note	2009 HK$'000	2008 HK$'000
Trade receivables		**6,516**	7,804
Allowance for doubtful debts		**4,230**	3,972
Trade receivables, net	(a)	**2,286**	3,832
Other receivables, net	(b)	**3,814**	1,873
		6,100	5,705

(a) General credit terms of the Group range from 0 days to 90 days. An ageing analysis of trade receivables, based on the invoice date, and net of allowance, is as follows:

	2009 HK$'000	2008 HK$'000
Current – 30 days	**2**	12
31 – 60 days	**164**	82
61 – 90 days	**34**	191
91 – 180 days	**–**	2,715
181 – 365 days	**–**	832
Over 1 year	**2,086**	–
	2,286	3,832

(b) (i) As at 31 December 2009 included in other receivables was loan receivables amounting to HK$2,500,000 (2008: Nil) which has been arrived at after deducting impairment losses of HK$4,304,000 and included in other operating expenses. The amount due is interest bearing at 6% per annum.

(ii) As at 31 December 2009 included in other receivables was amount due from Topluxe International Limited, a related company in respect of key personnel management of the Group, of HK$775,250 (2008: HK$775,250). The amount due was unsecured, interest free and repayable on demand. The maximum amount due during the year was HK$775,250.

(iii) As at 31 December 2008 included in other receivables was amount due from Era International (HK) Limited, related company of key personnel management of the Group, of HK$161,000. As at 30 June 2009, the outstanding amount of HK$121,000 has been fully impaired and included in other operating expenses. The amount due was unsecured, interest free and repayable on demand. The maximum amount due during the year was HK$221,000.

(iv) As at 31 December 2009, total allowance was made for estimated irrecoverable other receivables of approximately HK$4,425,000 and included in other operating expenses.

13. TRADE AND OTHER PAYABLES

	Note	2009 HK$'000	2008 HK$'000
Trade payables	*(a)*	**2,494**	2,480
Film right payables	*(a)*	**1,465**	1,836
Other payables	*(b)*	**11,942**	11,772
		15,901	16,088

(a) The ageing analysis of trade payables, based on the date of receipt of goods, is as follows:

	2009 HK$'000	2008 HK$'000
Current – 30 days	**–**	6
31 – 60 days	**28**	28
61 – 90 days	**8**	24
91 – 180 days	**36**	125
181 – 365 days	**56**	109
Over 1 year	**2,366**	2,188
	2,494	2,480

An ageing analysis of film right payables is as follows:

	2009 HK$'000	2008 HK$'000
181 – 365 days	**–**	405
Over 1 year	**1,465**	1,431
	1,465	1,836

(b) As at 31 December 2009 included in other payables are short term loans of approximately HK$107,000 which are unsecured, interest bearing at 9% per annum and repayable on 26 August 2010 and 10 June 2010.

As at 31 December 2008 included in other payable was short term loans of approximately HK$1,326,000 which was secured by a personnel guarantee issued by a director of a wholly owned subsidiaries, interest bearing at 1.25% per annum and repayable on 31 May 2009.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE

For the year ended 31 December 2009, the Group recorded a consolidated turnover of approximately HK$2.6 million (2008: approximately HK$16.0 million). Consolidated loss for the year amounted to approximately HK$30.9 million (2008: approximately HK$27.2 million). Decrease in consolidated turnover is mainly due to the significant drop in revenue generated from home video products distribution as compared to the same period in the prior year. The increase in the consolidated loss for the year was mainly due to a loss incurred in the change of fair value on the derivative components of convertible bonds approximately HK$13.5 million (2008: gain of approximately HK$6.8 million) and an increasing amount of professional fees incurred in relation to the potential acquisitions of approximately HK$6.8 million (2008: HK$4.0 million). The increase in the consolidated loss for the year was partially setoff by reversal of allowance for doubtful debts on prepayments and deposits of approximately HK$10.2 million (2008: Nil), and also the lesser amount of allowance for doubtful debts were required in 2009.

BUSINESS REVIEW

In the year 2009, there was still a lack of major video titles released and turnover for the year represents release of minor video title and consultancy income related to corporate secretarial services.

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 1"). The aggregate consideration for Acquisition 1 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 1 constitutes a very substantial acquisition for the Company under the GEM Listing Rules. Immediately upon completion of Acquisition 1, 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.

BUSINESS REVIEW (CONTINUED)

Further on 22 January 2010, the Company made a new listing application to the Stock Exchange as Acquisition 1 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 1 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.

On 16 April 2009, Vasky Energy entered into a sale and purchase agreement (the "Agreement") with American Investors In China, LLC ("AIC"), and G. F. Transnational, Inc. ("GFT") (together known as the "Sellers"), in relation to the acquisition of the entire issued capital of Key Target Holdings Limited ("Key Target"), 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 ("Acquisition 2"). Acquisition 2 was approved, ratified and confirmed at the extraordinary general meeting held on 11 June 2009. On 31 December 2009, the Company entered into a supplemental agreement with the Sellers to extend the closing date of Acquisition 2 to on or before 30 June 2010 (or such later date as may be agreed by the parties) as additional time is required to fulfill one of the conditions precedent as set out in the Key Target sale and purchase agreement as regards completion of transfer of 50% equity interest held by the Sellers to Key Target. The Company notes that the Sellers have not yet obtained a waiver from Xi'An Oriental Industrial Investment Limited (a limited liability company established in the PRC holding 50% equity interest in Eastern Star) on the transfer of 50% equity interest of Eastern Star from the Sellers to Key Target. Details are set out in the Company's announcement dated 31 December 2009.

On 7 July 2008, the Company entered into a memorandum of understanding ("MOU") with Sakhalin Resources Ltd. ("SR"), a company incorporated in the British Virgin Islands, in relation to the Company's possible acquisition from SR of a 100% equity interest in G.F.T. (FAREAST) Holding Limited ("GFT FAREAST"), a company incorporated in Hong Kong, for a consideration of approximately HK$112 million (the "Consideration") (subject to additional payment based on GFT FAREAST's performance in calendar year 2011, valuation, due diligence and negotiation). Details are set out in the Company's announcement dated 7 July 2008. On 19 March 2009 the Company entered into extension letter to extend the long stop date for the closing of such possible acquisition to 31 December 2009. On 31 December 2009 the Company entered into second extension letter to extend such date to 30 June 2010 as additional time is required to complete due diligence review on GFT FAREAST, which includes but not limited to the extension of review on the latest financial results of GFT FAREAST for the year ended 31 December 2009. Details are set out in the Company's announcement dated 31 December 2009.

PROSPECTS

The Group continues to seek opportunities in new video titles. Mindful of 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.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally financed its operations and investing activities with internally generated cashflows. As at 31 December 2009, the Group had net current assets of approximately HK$52,000 (2008: HK$25.5 million). The Board is 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, Renminbi or United States dollars. 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 31 December 2009, the Group's net liabilities were financed by internal resources through share capital and reserves and external fund raising. Total deficiency attributable to shareholders was approximately HK$15.7 million as at 31 December 2009.

CHARGES ON THE GROUP'S ASSETS

As at 31 December 2009, the Group's time deposits of approximately HK$34,000 (2008: HK$1.5 million) were pledged to a bank in respect of banking facilities granted to the Group.

MATERIAL ACQUISITION/DISPOSAL AND SIGNIFICANT INVESTMENTS

It was disclosed in the circular of the Company dated 25 May 2009 that on 16 April 2009, Vasky Energy entered into the Key Target sale and purchase agreement with AIC and GFT in relation to the acquisition by Vasky Energy of the entire issued capital of Key Target which would acquire a 50% equity interest in Eastern Star. Eastern Star is principally engaged in manufacturing machinery and related moulds as well as modules for the manufacture of concrete masonry products, modular concrete products and other building materials.

The consideration for the acquisition is HK$2.8 million and will be settled in full by way of issue of convertible bonds by the Company to AIC and GFT. The initial conversion price is HK$0.2 per share.

On 30 September 2009, the Company announced that Vasky Energy, AIC and GFT entered into a supplemental agreement to extend the date for fulfilling the conditions precedent to the completion of the Key Target sale and purchase agreement to on or before 31 December 2009 or such later date as may be agreed by the parties to the Key Target sale and purchase agreement. On 31 December 2009, the Company further announced that such date has been extended to on or before 30 June 2010 (or such later date as may be agreed by the parties) pursuant to a supplemental agreement entered into between Vasky Energy, AIC and GFT.

Same as disclosed above, the Group did not have any material acquisition, disposal and significant investments during the year ended 31 December 2009.

GEARING RATIO

The Group's total borrowings as at 31 December 2009 amounted to approximately HK$16.4 million (2008: HK$15.0 million), all of which were represented by convertible bonds. On this basis, the gearing ratio is calculated at -1.04 (2008: 1.39), based on an amount of shareholders' deficiency of HK$15,696,000.

CAPITAL COMMITMENTS

As at 31 December 2009, the Group had no capital commitments.

CONTINGENT LIABILITIES

As at 31 December 2009, the Group had no contingent liabilities.

EMPLOYEE INFORMATION

As at 31 December 2009, the Group had a total of 10 employees. The total staff costs, including directors' emoluments, amounted to approximately HK$6.6 million for the year under review. Staff remuneration is reviewed by the Group from time to time depending on length of service and performance where warranted. In addition to salaries, the Group provides staff benefits including medical benefits and contributions to staff's provident fund. Share options and bonuses are also available to employees of the Group at the discretion of the Directors.

The emoluments of the Directors and senior management of the Company are determined in accordance with the recommendations from the remuneration committee of the Company. The remuneration committee of the Company considers factors including salaries paid by comparable companies, time commitment and responsibilities of the relevant employee, employment conditions elsewhere in the Group and desirability of performance-based remuneration.

PURCHASE, REDEMPTION OR SALE OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year under review.

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.

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, Chan Sze Hon, Christopher John Parker and David Marc Boulanger. The Audit Committee met on a quarterly basis during the year under review. The Group's financial results for the year ended 31 December 2009 have been reviewed by the Audit Committee which is 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.

PUBLICATION OF DETAILED RESULTS ON THE STOCK EXCHANGE'S WEBSITE

The annual report containing all the information required by the GEM Listing Rules will be published on the website of the Stock Exchange at www.hkgem.com in due course.

By Order of the Board
ERA Holdings Global Limited
Lee Jong Dae
Executive Director

Hong Kong, 23 March 2010

As at the date of this announcement, the chairman & executive Director of the Company is Mr. LEE Jong-Dae; the remaining executive Directors are Mr. KIM Beom Soo and Mr. LEE Sung Min; and the independent non-executive Directors are Mr. BOULANGER David Marc, Mr. PARKER Christopher John and Mr. CHAN Sze Hon.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and the Company's website at www.eraholdings.com.hk.