



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



FIRST  
QUARTERLY  
REPORT  
2011

## CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “EXCHANGE”)

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*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 2011, together with the unaudited comparative figures for the corresponding periods in 2010 as follows:

		<b>For the three months ended 31 March</b>	
		<b>2011</b>	2010
		<b>(unaudited)</b>	(unaudited)
			(restated)
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
Turnover	2	273,868	98,460
Cost of goods sold		<u>(217,283)</u>	<u>(85,622)</u>
Gross profit		56,585	12,838
Other income		18,851	4,759
Selling and distribution costs		(19,518)	(15,986)
Administrative expenses		(28,583)	(23,848)
Other operating expenses		<u>(166)</u>	<u>(6)</u>
Profit/(loss) from operations		27,169	(22,243)
Finance costs		<u>(18,068)</u>	<u>(5,582)</u>
Profit/(loss) before tax		9,101	(27,825)
Taxation (charge)/credit	3	<u>(444)</u>	<u>4,142</u>
Profit/(loss) for the period attributable to the owners of the Company		8,657	(23,683)
<b>Other comprehensive income</b>			
Exchange differences on translating foreign operations		<u>6,386</u>	<u>–</u>
<b>Total comprehensive income/(loss) for the period attributable to the owners of the Company</b>		<u><u>15,043</u></u>	<u><u>(23,683)</u></u>
		<b>HK cents</b>	<b>HK cents</b>
Earnings/(loss) per share	4		
– basic		<u><u>0.15</u></u>	<u><u>(0.6)</u></u>
– diluted		<u><u>0.15</u></u>	<u><u>N/A</u></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”), the applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong 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 annual financial statements for the year ended 31 December 2010. The consolidated results for the three months ended 31 March 2011 are unaudited and have been reviewed by the 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

Turnover which represents sales of mining machinery, related spare parts and consultancy services income for the three months ended 31 March 2010 and 2011 are as follows:

	For the three months ended 31 March	
	2011 (unaudited)	2010 (unaudited) (restated)
	HK\$'000	HK\$'000
Sales of mining machinery	253,570	95,337
Sales of spare parts	20,069	3,123
Consultancy services income	229	—
	<b>273,868</b>	<b>98,460</b>

### 3. Taxation (charge)/credit

No provision for Hong Kong Profits Tax has been made for the periods as the Group did not generate any assessable profits arising in Hong Kong during the periods.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary, Zhengzhou Siwei Mechanical & Electrical Equipment Manufacturing Co., Ltd. (“Zhengzhou Siwei”), is 25% from 1 January 2008 onwards.

According to the new EIT law, entities that qualify as “High and New Technology Enterprises” are entitled to the preferential EIT rate of 15%. Zhengzhou Siwei received approval for the status as a “High and New Technology Enterprises”. The status is valid for three years starting from January 2008 and will be renewed after evaluation by relevant government authorities every three years. Zhengzhou Siwei is located in Zhengzhou High and New Technology Industries Development Zone, and was entitled to a PRC income tax rate of 15%. Zhengzhou Siwei is now in the process to renew its status.

#### 4. Earnings/(loss) per share

Under the reverse takeover method of accounting, the 4,000,000,000 ordinary shares issued by the Company to Mining Machinery Ltd to effect the reverse takeover transaction are deemed to be issued on 1 January 2010 for the purpose of calculating the earnings/(loss) per share.

The calculation of the basic and diluted earnings/(loss) per share attributable to the ordinary equity holders of the Company is based on the following data:

	<b>For the three months ended 31 March</b>	
	<b>2011</b>	2010
	<b>(unaudited)</b>	(unaudited)
		(restated)
	<b>HK\$'000</b>	HK\$'000
<b>Earnings/(loss)</b>		
Earnings/(loss) for the purposes of basic and diluted earnings/(loss) per share (profit/(loss) for the period)	<u><b>8,657</b></u>	<u>(23,683)</u>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	<u><b>5,680,046</b></u>	4,000,000
Effect of share options	<u><b>10,440</b></u>	–
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	<u><b>5,690,486</b></u>	<u>4,000,000</u>

The denominators used are the same as those detailed above for both basic and diluted earnings per share.

## 5. Movements in reserves

Movements in reserves during the periods are as follows:

	(Unaudited)					Total equity HK\$'000
	Attributable to owners of the Company					
	Issued equity HK\$'000	Share premium HK\$'000	Statutory reserve HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	
At 1 January 2011	846,632	-	60,782	32,578	282,333	1,222,325
Profit for the period	-	-	-	6,386	8,657	15,043
Issue of shares	182	7,098	-	-	-	7,280
Conversion of convertible bonds	499	37,591	-	-	-	38,090
At 31 March 2011	<u>847,313</u>	<u>44,689</u>	<u>60,782</u>	<u>38,964</u>	<u>290,990</u>	<u>1,282,738</u>

	(Unaudited) (restated)					Total equity HK\$'000
	Attributable to owners of the Company					
	Issued equity HK\$'000	Share premium HK\$'000	Statutory reserve HK\$'000	Exchange reserve HK\$'000	Retained profit HK\$'000	
At 1 January 2010	1	-	35,246	11,675	172,770	219,692
Loss for the period	-	-	-	-	(23,630)	(23,630)
At 31 March 2010	<u>1</u>	<u>-</u>	<u>35,246</u>	<u>11,675</u>	<u>149,140</u>	<u>196,062</u>

## 6. Comparative figures

Comparative figures have been adjusted to conform to current period's presentation.

## DIVIDEND

The Directors do not recommend the payment of any dividend for the three months ended 31 March 2011 (three months ended 31 March 2010 (restated): Nil).

## CHAIRMAN'S STATEMENT

To Stakeholders:

On behalf of the Board of Directors and management of ERA, we thank you for the opportunity to share with you ERA's results from the first quarter of 2011.

Significant year-on-year improvements include:

- A reduction in revenue seasonality; while significant seasonality in deliveries is still expected in 2011, 2011 sales are smoothing out considerably in comparison to 2010, improving our manufacturing efficiencies and operating margins.
- Our order book at the end of March 2011 was strong, at approximately HK\$1.2 billion, 20% higher than it was one year earlier.
- On 15 March, 2011 we announced a joint venture with Marco Systemanalyse und Entwicklung GmbH to develop and manufacture electro-hydraulic control systems. This joint venture places us very strategically among major roof support manufacturers at the forefront of the coming wave of automation in China's coal mining industry.
- During the first quarter of 2011 we also signed a sales contract with Shenhua, China's largest coal mining company.

We believe 2011 will be a year of significant continued growth and accomplishment, and for this we once again thank our investors who have made this possible.

Respectfully,  
**Emory Williams**  
*Chairman*

2 May 2011



## MANAGEMENT DISCUSSION AND ANALYSIS

### Proposed Change of Name of the Company

To reflect the change in control of the Company in September 2010 and the change of business strategy, the Company decided on a new corporate identity. The Board proposed change of name of the Company from “ERA Holdings Global Limited” to “ERA Mining Machinery Limited” and its Chinese name from “年代國際控股有限公司” to “年代煤礦機電設備製造有限公司”. 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.

The proposed change of name of the Company shall be approved by passing a special resolution at the general meeting of the Company to be held on 6 May 2011, by shareholders of the Company. The new company name will take effect upon the approval by the Registrar of Companies in Cayman Islands and Hong Kong.

### Business Overview

#### *Products*

At present, the sole products of the Group’s principal subsidiary, Zhengzhou Siwei Mechanical & Electrical Equipment Manufacturing Co., Ltd (“Zhengzhou Siwei”) are hydraulic roof supports (“shields”) and related equipments for the underground coal mining industry. Zhengzhou Siwei designs and manufactures a full range of shields ranging from 0.8 m to 7.3 m in height and from 1,800 KN to 18,000 KN in terms of working resistance. All shields delivered are custom manufactured to the mining requirements of each customer.

#### *Research and Development*

Zhengzhou Siwei has invested significantly in research and development in order to assist our customers improve mining safety and efficiency and to mitigate environmental impact. Research and development costs for the three months ended 31 March 2011 were approximately HK\$5,498,000, of which approximately HK\$3,608,000 is included in salary, representing an increase of 44% in comparison to the same period in 2010. During the first quarter of 2011, Zhengzhou Siwei expanded the number of engineers in its research and development department by over 40 people.

As of 31 March 2011, Zhengzhou Siwei had 91 patents or patents pending.



## ***Expansion of Manufacturing Capabilities and Capacity***

Zhengzhou Siwei has been constantly expanding its manufacturing capacity and capabilities. During the three months of 31 March 2011, most of this expansion has occurred or will occur in Zhengzhou Siwei's newest Guangwu factory location in Zhengzhou, where Zhengzhou Siwei is consolidating all of its shield manufacturing. Significant additions to manufacturing capacity have been made across the board, especially in advanced electro-plating, welding and machining. The annual sales of units in 2010 was approximately 6,700 units. The management expects to continue its physical consolidation and capacity expansion during 2011 to provide for future growth.

## ***Distribution***

As of 31 March 2011, Zhengzhou Siwei employed eight territorial sales consulting agents. Continuing enlargement of the sales network will enable Zhengzhou Siwei to build closer working relationships with its customers and to enhance service capabilities.

## **Market Overview**

China's ever increasing demand for highly mechanized coal mining equipment has been driven principally by two factors, China's increasing demand for electricity and China's government policy directed at improving the safety and efficiency of Chinese mining. These government policies are reflected in the consolidation of the small and medium sized coal mines and the mandating of increasingly rigorous safety measures. While growth of new mines may slow during China's 12th Five Year Plan, management expects this development to intensify the trend of comprehensive mechanization in China's existing and newly consolidated mines. The management expects these factors to continue to result in continued strong short and mid-term growth for China's mining machinery market.

Approximately 97% of the China's coal mines are located underground below 400 meters. Over 55% of the capital expenditure spending at the working phase of the underground coal mining is attributable to by shields, and the balance represents the sum of armored face conveyors, shearers and roadheaders.

## Prospects

Indicators point to continued strong economic growth in China. Continued initiatives by China's central government strengthening policies aimed at improving mine safety, efficiency and mitigating environmental impact, requiring mine mechanization and further consolidation of small and medium sized coal mines also bode well for the coal mining industry. ERA has continuously spent the first few months of 2011 building the foundations for future growth. Heavy investment in new, efficient manufacturing facilities, in human resources, in improved manufacturing and new products give the board and management reason to believe that they can achieve significant sales growth while improving profitability.

## Financial Review

### *Turnover*

China's continued strong economic growth, demand for energy and government policies encouraging coal mine mechanization helped the Group to achieve record sales and earnings. For the three months ended 31 March 2011, the Group recorded a turnover of approximately HK\$273.9 million, represents a growth of 177.6% when compared to the same period last year.

The Group's sales are typically highly seasonal, with a majority of turnover occurring in the second half of the year.

### *Cost of Sales*

For the three months ended 31 March 2011, cost of sales was approximately HK\$217.3 million or 79.3% of turnover compared to HK\$85.6 million or 87.0% of turnover in 2010. Steel represented approximately 80% of the cost of sales for the three months ended 31 March 2010, which is consistent with 2010.



### ***Gross Profit and Gross Margin***

The Group's gross profit for the three months ended 31 March 2011 was HK\$56.6 million, 340.8% higher in comparison to the same period last year. Gross profit margin increased to 20.7% from 13.0%, with margin increases primarily attributable to increases in average selling prices due to the sale of larger units and new patented products.

### ***Selling and Distribution Costs***

For the three months ended 31 March 2011, the Group incurred selling and distribution costs of approximately HK\$19.5 million, an increase of approximately HK\$3.5 million or 22.1% when compared to the same period last year. Increase were primarily attributable to increases in rates for freight and transportation on higher turnover volume.

### ***Administrative Expenses***

For the three months ended 31 March 2011, the Group incurred administrative expenses of approximately HK\$28.6 million, an increase of approximately HK\$4.7 million or 19.9% when compared to the same period last year. The increase in administrative expenses was principally due to additional salary and benefits, research and development costs and finance lease charges on leased equipments.

### ***Finance Costs***

For the three months ended 31 March 2011, the Group incurred finance costs of approximately HK\$18.1 million, an increase of approximately HK\$12.5 million or 223.7% when compared to the same period last year. Additional finance costs incurred for the current reporting period represent charges on short term bank borrowings (for working capital and capacity expansion) and interests on bills.

### ***Net Profit Attributable to Owners of the Company***

For the three months ended 31 March 2011, the Group's net profit attributable to owners of the Company was approximately HK\$8.7 million.

### ***EBITDA***

Given the Group's increased financial costs due to continued growth in fixed assets and working capital needs, the management team believes EBITDA (a non HKFRS accounting standard metric comprised of net profit before income tax, net finance costs, depreciation and amortization) is a good metric for assessing at the Group's results. EBITDA for the three months ended 31 March 2011 was approximately HK\$31.6 million.

	For the three months ended 31 March		Variance in %
	2011	2010	
	(unaudited)	(unaudited) (restated)	
	HK\$'000	HK\$'000	
Profit/(loss) before tax	9,101	(27,825)	N/A
Depreciation & amortization	6,511	4,453	46.2
Net finance costs	15,984	5,527	189.2
EBITDA	<u>31,596</u>	<u>(17,846)</u>	N/A

As the Group has invested significantly in the fixed assets to expand its production capacity, an increasing amount of depreciation & amortization was incurred compared the same period in 2010.

## Liquidity and Financial Resources

### *Borrowings and banking facilities*

As of 31 March 2011, the Company had bank loans, finance lease payables and a 6-month redeemable fixed coupon promissory note (the "Note") of approximately HK\$657,000,000, HK\$48,000,000 and HK\$250,000,000 respectively. As disclosed in the annual report of the Company for the year ended 31 December 2010, on 24 March 2011, the Company issued the Note with a principal amount of HK\$250,000,000 to an independent third party investment bank (the "Note Holder").

### *Pledge of shares by controlling shareholder*

Mining Machinery Ltd., being the controlling shareholder of the Company holding 4,000,000,000 ordinary shares of the Company, representing 70.38% of the issued and outstanding share capital of the Company on a fully diluted basis as at the date of this quarterly report, is the warrantor under the subscription agreement of the Note.

At the request of the Note Holder and for the purposes of securing the obligations and liabilities of Mining Machinery Ltd. in favour of the Note Holder under the subscription agreement of the Note, Mining Machinery Ltd. has entered into a deed of share charge (the "Deed") dated 1 April 2011 to create a security interest of 1,538,464,000 ordinary shares (of not less than HK\$1,000,000,000 worth as at the date of the Deed) to and in favour of the Note Holder, subject to the terms and conditions of the Deed.

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

As at 31 March 2011, the interests of the Directors and the chief executive 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 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 5.48 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors were as follows:

### *Interests in shares of the Company*

Name of Directors	Capacity	Number and class of shares held	Approximate percentage of issued share capital
Mr. Emory Williams	Corporate Interest (Note 1)	4,034,688,000 ordinary shares (long position)	70.99%
Mr. Lee Jong Dae	Corporate Interest (Note 2)	19,000,000 ordinary shares (long position)	0.33%
Mr. Christopher John Parker	Corporate Interest (Note 3)	10,748,000 ordinary shares (long position)	0.19%

### *Notes:*

1. Out of the total 4,034,688,000 ordinary shares, 4,000,000,000 ordinary shares in the Company owned by Mr. Emory Williams are beneficially owned by and registered in the name of Mining Machinery Ltd. Mr. Emory Williams has 21.38% equity interests in Mining Machinery Ltd. And 20,500,000 ordinary shares in the Company owned by Mr. Emory Williams are beneficially owned by and registered in the name of Power Castle Development Limited.
2. The 19,000,000 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.
3. The 10,748,000 ordinary shares in the Company owned by Mr. Christopher John Parker are beneficially owned by and registered in the name of Clydesdale International Ltd.

*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. Li Rubo	Beneficial owner	share options to subscribe for shares (3,200,000 ordinary shares) ( <i>Note</i> )	0.06%
Mr. Lee Jong Dae	Beneficial owner	share options to subscribe for shares (3,800,000 ordinary shares) ( <i>Note</i> )	0.07%
Mr. David Marc Boulanger	Beneficial owner	share options to subscribe for shares (900,000 ordinary shares) ( <i>Note</i> )	0.02%
Mr. Christopher John Parker	Beneficial owner	share options to subscribe for shares (900,000 ordinary shares) ( <i>Note</i> )	0.02%
Mr. Chan Sze Hon	Beneficial owner	share options to subscribe for shares (300,000 ordinary shares) ( <i>Note</i> )	0.01%

*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 2011, none of the Directors nor the chief executive 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 5.48 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Exchange.

## 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	Outstanding as at 1 January 2011	Number of shares options			Outstanding as at 31 March 2011
			Exercised	Granted	Lapsed	
<b>Directors</b>						
Mr. Emory Williams	10 July 2008	3,200,000	(3,200,000)	-	-	-
Mr. Li Rubo	10 July 2008	3,200,000	-	-	-	3,200,000
Mr. Lee Jong Dae	10 July 2008	3,800,000	-	-	-	3,800,000
Mr. David Marc Boulanger	10 July 2008	900,000	-	-	-	900,000
Mr. Christopher John Parker	10 July 2008	900,000	-	-	-	900,000
Mr. Chan Sze Hon	10 July 2008	300,000	-	-	-	300,000
Mr. Lee Sung Min <i>(resigned on 13 October 2010)</i>	10 July 2008	900,000	(900,000)	-	-	-
Mr. Kim Beom Soo <i>(resigned on 13 October 2010)</i>	10 July 2008	900,000	(900,000)	-	-	-
			<hr/>	<hr/>	<hr/>	<hr/>
		14,100,000	(5,000,000)	-	-	9,100,000
			<hr/>	<hr/>	<hr/>	<hr/>
<b>Employees in aggregate</b>	10 July 2008	4,900,000	-	-	-	4,900,000
<b>Advisors and Consultants</b>	10 July 2008	19,400,000	(13,200,000)	-	-	6,200,000
			<hr/>	<hr/>	<hr/>	<hr/>
<b>Total</b>		38,400,000	(18,200,000)	-	-	20,200,000
			<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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.

Mr. Lee Sung Min and Kim Beom Soo resigned as directors of the Company on 13 October 2010, according to the Share Option Scheme, Mr. Lee Sung Min and Mr. Kim Beom Soo are eligible to exercise the option within three months after resignation.

Details of the Share Option Scheme are set out in the Company's 2010 annual report.



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

As at 31 March 2011, so far as 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 need 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
Mining Machinery Ltd.	Beneficial owner	4,000,000,000 ordinary shares (long position) (Note)	70.38%

*Note:* Mr. Emory Williams and Mr. James Edward Thompson III have 21.38% and 78.62% equity interests, respectively, in Mining Machinery Ltd. Mr. Emory Williams is the chairman and an executive Director of the Company.

Save as disclosed above, as at 31 March 2011, 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 need 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 2011, 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 they believe 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 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 2011 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**  
**Emory Williams**  
*Chairman*

Hong Kong, 2 May 2011

*As at the date of this report, the executive directors are Mr. Emory WILLIAMS, Mr. LEE Jong-Dae, Mr. LI Rubo, Mr. WANG Fu and Dr. Phil Qiu JIN; and the independent non-executive directors are Mr. BOULANGER David Marc, Mr. PARKER Christopher John, Mr. CHAN Sze Hon, Mr. DONG Xiangge and Mr. JIANG Ming.*