

# Executive Summary



EARI saw the huge opportunities of Chinese market in film and technology industries and the abundant financial resources from Chinese investors. In the past decade, EARI has built a solid network in Chinese market and explored great potentials to connect the Chinese and American industries together. Recently, EARI acquired Tian Jin New Pattern BuoLong Film Enterprise Management Co., Ltd, a Chinese company that manages China BOLONG Film & Television Industry Base. The New Pattern will be renamed to EARI China. We expect our EARI China operations will become a platform to facilitate the collaborations of both American and Chinese companies.

# EARI and EARI China

## A New Subsidiary

In the past decade, EARI has built great connections with Chinese businesses, manufacturers, city governments, free-trade zone administrations, and industrial parks all around China. We consider our connections a bridge for US and China companies to collaboratively explore the potential in sharing technology, resources, talents, and markets. We saw great opportunities for US companies to benefit from the China’s huge market and abundant financial funding. EARI recently acquired Tian Jin New Pattern BuoLong Film Enterprise Management Co., Ltd, a Chinese company located at Tian Jin, China. The company currently manages China (Bolong) Film and Television Industry Base, a 1.02 square miles facility with over 4,000,000 square feet office spaces, half-mile long retail and restaurant spaces, and 7 film studios (one underwater studio is still under construction). All exterior construction of the base was completed in late 2016, and the interior design of office and retail spaces will be completed in early 2018. The New Pattern will be renamed to EARI China (application is in process), and we expect to see the grand opening of EARI China office in December 2017.

## The Current Operation of EARI China (New Pattern)



New Pattern will be renamed to EARI China before the end of 2017. New Pattern is currently the management company of China (Bolong) Film and Television Industry Base, occupied over 1 square mile of lands with a large lake, public

squares, office buildings and retail spaces. The entire base is divided into three major sections: the headquarters, the commercial zone, and the film production studios. EARI China is located at the first building of the commercial zone, which has half-mile long retail and restaurant spaces along with four office buildings. The commercial zone, which is





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adjacent to the studios and a five-star hotel, will facilitate hundreds of retail stores, restaurants, bars, movie theater, fitness center, and business centers.



Forty-Seven stand-alone office buildings are located at the headquarters of the base, which are under the management of New Pattern. The office buildings are ideal working spaces for studios, film companies, and other institutions. Each building has three-story ground level constructions with a basement and open roof



area. Although the size of the building varies, the classical four-side brick exterior design and beautiful landscaping with two ponds and lakeview merge the style of classical western architecture into the natural eastern sense of beauty. Two third of the buildings are rented out and only seventeen buildings are for rental. EARI China (New Pattern) employees manage the rental, daily maintenance, and all other services of these facilities along with the 7 production studios.

### Operations of EARI China

EARI inherits the current operations of New Pattern after the acquisition and plans to expand our US operations to China market at our physical facility of EARI China. EARI China office will facilitate the operations that bring US companies to China and sponsor Chinese companies to US market. EARI China facility will host six EARI divisions: (1) film division will fund and produce movies for both US and China markets. (2) music division will bring US musicians and artists to perform and operate in Chinese market. (3) gaming division will produce, import, and export games from US to

China and from China to US. (4) VR division will develop software and hardware and expand businesses in both China and US markets. (5) education division will produce and distribute educational products and host educational programs. (6) consulting division will bridge US and Chinese businesses





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and provide consulting services for US companies to locate in China and vice versa. Combining the strength of EARI in the film and gaming industries and the financial and human resources of EARI China, we project that EARI will grow dramatically in the next few years.

### **Financial Expectations of EARI and EARI China**

EARI China will focus on operations that can bring in net revenue in the next few years. The current EARI China operations have established stable revenue stream from facility management fee, office rental commissions, and related services. The annual revenue from existing business is expected to reach 3 million dollars and grow to over 10 million in next three years. Further, EARI China inherits a contract of New Pattern with local government, who will refund a large portion of local taxes from all businesses of the base to New Pattern as an incentive to recruit and develop the local businesses. From the contract, EARI China is expected to receive over 3 million dollars from the local government in 2018 fiscal year.

EARI operations that locate in EARI China facility have great revenue potential in all six divisions after the full establishment of the operations in 2018. The Gaming Division will be responsible for US games to Chinese market. Instead producing games, we will collaborate with existing game companies to localize games for Chinese market. We will fund small gaming companies by financing their development and distributing at Chinese market. The revenue from this division is estimated to be a few million dollars annually. The Consulting Division generates revenue from the government incentives. Since we have already had the contract with the local government, this stable income is upon EARI's operation to recruit more companies to the city. The Music Division will build bands, arrange shows, and manage music related IPs. We will sponsor artists to build their music business and EARI operate as incubator. We will acquire music records and produce related products for movies, games, commercials, etc. The revenue from this division is estimated to be a few million dollars a year. The Film Division will host film festivals and produce films. We will provide funding for film production, and we expect the revenue of this division to be a billion per year. The operation of our VR division is pending on a contract with a Chinese VR company who has developed VR software and hardware. We foresee millions of annual revenues when we export their products into US market. The education division will focus on career education for film and gaming industry located in the EARI China facility. The operations have a great potential to build a new educational model that generate millions of dollars in Chinese market.

In conclusion, EARI will generate immediate net revenues from the existing operations of EARI China. However, we see greater potential of other divisions of EARI in the EARI China facility because of the current business connection, the established business models, and the huge Chinese market. EARI's short-term goal is to go to Nasdaq within three years.