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Global Energy Resources International Group Limited

環球能源資源國際集團有限公司

(continued in Bermuda with limited liability)

(Stock Code: 8192)

DISCLOSEABLE TRANSACTION

Financial Adviser to the Company



BRIDGE PARTNERS

BRIDGE PARTNERS CAPITAL LIMITED

THE ACQUISITION

The Board is pleased to announce that, after trading hours on 30 August 2010, the Purchaser (an indirect wholly-owned subsidiary of the Company) and the Vendor entered into a conditional Sale and Purchase Agreement, pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to acquire 51% of the equity interest in the Target Company at the Consideration of RMB10 million (approximately HK\$11.4 million). The Acquisition is subject to the satisfaction of the conditions as set out in the paragraph headed “Conditions precedent” below. The Consideration for the acquisition of Sale Shares is to be satisfied as to (i) RMB2 million (approximately HK\$2.28 million) in cash by converting the earnest money previously paid by the Purchaser under the MOU into refundable deposit and part payment of the Consideration, and (ii) RMB8 million (approximately HK\$9.12 million) in cash payable within 5 business days after Completion.

GENERAL

As the relevant percentage ratio (as defined in the GEM Listing Rules) in respect of the transaction(s) contemplated under the Sale and Purchase Agreement exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules.

Reference is made to the announcement of the Company dated 26 July 2010 in relation to the MOU.

INTRODUCTION

The Board is pleased to announce that, after trading hours on 30 August 2010, the Purchaser (an indirect wholly-owned subsidiary of the Company) and the Vendor entered into a conditional Sale and Purchase Agreement, pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to acquire 51% of the equity interest in the Target Company at the Consideration of RMB10 million (approximately HK\$11.4 million).

SALE AND PURCHASE AGREEMENT

The following is the brief summary of the principal terms of the Sale and Purchase Agreement:

Date:

30 August 2010

Parties:

Purchaser: 中达博诚能源科技(深圳)有限公司 (Zhong Da Bo Cheng Energy Technology (Shenzhen) Limited[#])

Vendor: Mr. Wang Ying[#] (王颖)

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor is a third party independent of and not connected with the Company and its connected persons of the Company (as defined in the GEM Listing Rules).

As mentioned in the MOU, Mr. Wu Jun Hui[#] (吴军辉) was the confirmor and owned 15% equity interest in the Target Company. Prior to the entering into of the Sale and Purchase Agreement, the Vendor acquired from Mr. Wu Jun Hui his 15% equity interest in the Target Company and became the sole beneficial owner of the Target Company. As such, Mr. Wu Jun Hui will no longer be the confirmor under the Sale and Purchase Agreement.

Assets to be acquired

The Sale Shares represent 51% of the equity interest of the Target Company as at the date of this announcement and at Completion. The Sale Shares will be acquired free from any encumbrances and together with all rights attaching to them, including all rights to any dividend or other distribution declared, made or paid after the transfer of the Sale Shares to the Purchaser.

Further information on the Target Company and its subsidiaries are set out in the paragraph headed "Information on the Target Group" below.

Consideration

The consideration for the acquisition of Sale Shares is RMB10 million (approximately HK\$11.4 million), which shall be settled by the Purchaser from its internal resources in the following manner:

- (i) RMB2 million (approximately HK\$2.28 million) in cash by converting the earnest money previously paid by the Purchaser under the MOU into refundable deposit and part payment of the Consideration; and
- (ii) RMB8 million (approximately HK\$9.12 million) in cash payable within 5 days after Completion.

Basis of determination of the Consideration

The Consideration was determined after arm's length negotiations between the Purchaser and the Vendor with reference to, among other things, (i) the terms of the MOU; (ii) future prospects of the commercial air conditioning products in the PRC; and (iii) the Profit Guarantee provided by the Vendor, details of which are stated in the section headed "Profit Guarantee" below in this announcement. The Directors (including independent non-executive Directors) are of the view that the consideration for the acquisition of the Sale Shares is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

Profit Guarantee

According to the Sale and Purchase Agreement, the Vendor guarantees that the audited consolidated net profit after tax of the Target Group for the year ending 31 December 2011 shall not be less than RMB2.20 million (approximately HK\$2.51 million) in accordance with the HK GAAP. The Company's auditor shall issue a profit guarantee certificate to certify the 2011 Net Profit ("Profit Guarantee Certificate") has been met on or before 31 March 2012.

If the 2011 Net Profit is less than the Profit Guarantee, the Vendor shall pay the Purchaser a compensation amount within 30 days after the receipt of the Profit Guarantee Certificate which shall be calculated as follows:

Scenario I: if the 2011 Net Profit is less than the Profit Guarantee (including zero profit) for the year ending 31 December 2011

$$C = (G - NP) \times P$$

Scenario II: if the Target Group recorded net loss after tax for the year ending 31 December 2011

$$C = (G + NL) \times P$$

G = Profit Guarantee

NP = 2011 Net Profit

NL = net loss after tax of the Target Group for the year ending 31 December 2011

C = Compensation amount

P = Percentage of the Purchaser's equity interest in the Target Company as of Completion (i.e. 51%)

Board composition of the Target Company

Pursuant to the Sale and Purchase Agreement, the Purchaser shall be entitled to appoint the chairman and the financial controller of the Target Company, and the Vendor shall act as an executive director and general manager of the Target Company to supervise the daily business operations of the Target Group.

Conditions precedent

Completion is conditional upon the following conditions having been fulfilled:

1. the obtaining of all necessary consents and approvals from the shareholder of Purchaser (including approval from the board of directors and the shareholders at general meeting of the Company, if required), government and regulatory authorities (including but not limited to the Stock Exchange) and any third party (including but not limited to financial institutions or banks) in order to effect and complete the transactions contemplated. If any of the above consents and approvals are conditional, such conditions must be acceptable to the Purchaser;
2. having complied with all the relevant regulatory requirements (including but not limited to the relevant regulatory requirements in Hong Kong) in relation to the transactions contemplated under the Sale and Purchase Agreement;
3. the Purchaser having received a legal opinion issued by a PRC legal adviser acceptable to the Purchaser in such form and substance satisfactory to the Purchaser;
4. the Purchaser being satisfied with the results of the due diligence review on the Target Group and the Purchaser having notified the Vendor in writing that the due diligence results are satisfied provided that such notification will not prejudice the Purchaser's right of claims against the Vendor for any breach of warranties and undertakings by the Vendor;
5. the Vendor has not breached any of his obligations under the Sale and Purchase Agreement;
6. there has not been any material adverse change or anticipated change to the business, operation, financial conditions or prospect of the Target Group since the signing of the Sale and Purchase Agreement;
7. the delivery of evidence to indicate (i) the articles of association of Target Company having been amended (in such form and substance satisfactory to the Purchaser); and (ii) the obtaining of the relevant governmental approval and registration;
8. the completion of the corporate reorganisation such that Ruifeng has become a wholly-owned subsidiary of the Target Company;
9. the relevant formalities in the PRC (including but not limited to registration with the Industry and Commerce Bureau) for the transfer of Sale Shares having been completed; and
10. the Vendor having entered into an employment contract with the Target Company and/or Ruifeng (in such form and substance satisfactory to the Purchaser).

In the event that any of the conditions precedent is not satisfied (or waived by the Purchaser in writing) on or before 28 February 2011 (or such later date to be agreed by the parties to the Sale and Purchase Agreement in writing), the Sale and Purchase Agreement shall be void and the Vendor shall return all monies (without interest) already paid to the Purchaser within 1 business day upon receive the demand notice from the Purchaser.

Completion

Completion will take place within 5 business days after all conditions precedent to the Sale and Purchase Agreement having been satisfied (or waived by the Purchaser) (or such later date to be agreed by the parties to the Sale and Purchase Agreement in writing). Upon Completion, the Target Company will be held as to 51% by the Purchaser and 49% by the Vendor.

INFORMATION ON THE TARGET GROUP

To the best of the Directors' knowledge, the Target Company is a domestic company with limited liability incorporated in the PRC under the law of the PRC on 14 July 2009 with a registered capital of RMB500,000 (approximately HK\$570,000). It is principally engaged in the research and development, production and sale of environmentally friendly air-conditioners to different distributors across China which the ultimate consumers are predominantly industrial factories. Ruifeng is a domestic company with limited liability incorporated in the PRC under the law of the PRC on 6 July 2005 with a registered capital of RMB500,000 (approximately HK\$570,000). It is principally engaged in the research and development, production and sale of environmentally friendly air-conditioners.

Pursuant to the MOU and as a condition precedent to Completion, the Target Company and Ruifeng should undergo a corporate reorganization such that Ruifeng shall become a wholly-owned subsidiary of the Target Company. To the best of the knowledge of the Directors, prior to the date of the Sale and Purchase Agreement, the Target Company has entered into an equity transfer agreement with the shareholders of Ruifeng to acquire 100% of the equity interest of Ruifeng. As at the date of this announcement, the Target Company is the beneficial owner of 100% of the equity interest in Ruifeng.

Financial information on the Target Group

Upon Completion, the Target Company will be held as to 51% by the Purchaser and 49% by the Vendor. The Company will indirectly hold 51% of the equity interest in the Target Company which directly holds the entire equity interest in Ruifeng. The Target Company and Ruifeng will become indirect wholly-owned subsidiaries of the Company upon Completion and their financial results will be consolidated with those of the Group.

Set out below is a summary of the audited consolidated accounts of the Target Group for the six months ended 30 June 2010 prepared under the PRC GAAP:

	Six months ended 30 June 2010 (audited)
	<i>RMB'000</i>
Revenue	697.8
Profit before taxation	29.2
Profit after taxation	27.6

As at
30 June 2010
(audited)
RMB '000

Net assets	2,241.1
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Set out below is a summary of the audited accounts of the Target Company for the period from its date of incorporation to 31 December 2009 prepared under the PRC GAAP:

For the period
from its date of
incorporation to
31 December 2009
(audited)
RMB '000

Revenue	100
Loss before taxation	20.9
Loss after taxation	20.9

As at
31 December 2009
(audited)
RMB '000
(approximately)

Net assets	479.1
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Set out below is a summary of the audited accounts of Ruifeng for each of the two years ended 31 December 2009 prepared under the PRC GAAP:

	For the year ended 31 December 2009 (audited) <i>RMB '000</i>	For the year ended 31 December 2008 (audited) <i>RMB '000</i>
Revenue	284.6	987.0
Profit / (loss) before taxation	(84.5)	20.0
Profit / (loss) after taxation	(92.6)	16.4

	As at 31 December 2009 (audited) RMB '000	As at 31 December 2008 (audited) RMB '000
Net assets	1,734.5	1,827.1

REASONS FOR THE ACQUISITION

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of information technology and engineering consultancy services.

According to the interim report of the Group for the six months ended 30 June 2010, it is the intention of the Group to actively seek for investment opportunities in order to broaden the business of the Group. According to a market analysis dated 24 February 2009 from 暖通空調在線 (Air Conditioning Online[#]) (www.ehvacr.com), the market share of commercial air conditioning products in the PRC (excluding the four biggest foreign brands) has been progressively increased from 3.5% in 2008 to 14.2% in 2009. In view of the potential growth of the environmental air-conditioning market, the Board considers that the Acquisition provides a good opportunity for the Company to venture into a new business and broaden its revenue base. Meanwhile, the Company will continue to explore further business opportunities to diversify into other industries with good business potential and growth prospects.

After considering the Profit Guarantee provided by the Vendor under the Sale and Purchase Agreement and the future prospects of the commercial air conditioning products in the PRC, the Directors consider that the terms of the Acquisition are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

As the relevant percentage ratio (as defined in the GEM Listing Rules) in respect of the transaction(s) contemplated under the Sale and Purchase Agreement exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless otherwise states:

“2011 Net Profit”	the audited consolidated net profit after tax of the Target Group for the year ending 31 December 2011 in accordance with the HK GAAP
“Acquisition”	the acquisition of 51% equity interest in the Target Company by the Purchaser

“Board”	the board of Directors
“Company”	Global Energy Resources International Group Limited, a company continued in Bermuda with limited liability and whose issued shares are listed on GEM (Stock Code: 8192)
“Completion”	completion of the sale and purchase of the Sale Shares
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Consideration”	RMB10 million (approximately HK\$11.4 million), being the total consideration for the Sale Shares
“Director(s)”	the directors of the Company, including the independent non-executive directors
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK GAAP”	accounting principles, standard and practices generally accepted in Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“MOU”	the memorandum of understanding dated 26 July 2010 entered into, between 中达博诚能源科技(深圳)有限公司 (Zhong Da Bo Cheng Energy Technology (Shenzhen) Limited [#]) (as the purchaser), 王颖 (Wang Ying [#]) (as the vendor) and 吴军辉 (Wu Jun Hui [#]) (as the confirmor) in relation to the possible Acquisition, details of which are set out in the Company’s announcement dated 26 July 2010
“PRC”	The People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“PRC GAAP”	accounting principles, standards and practices generally accepted in the People’s Republic of China
“Profit Guarantee”	the profit guarantee, where the Vendor guarantees to the Purchaser that the 2011 Net Profit shall not be less than RMB2.2 million (approximately HK\$2.5 million)
“Purchaser”	中达博诚能源科技(深圳)有限公司 (Zhong Da Bo Cheng Energy Technology (Shenzhen) Limited [#]), a wholly-foreign

	owned enterprise established in the PRC and an indirect wholly-owned subsidiary of the Company
“Ruifeng”	深圳市瑞风节能环保设备有限公司 (Shenzhen City Ruifeng Environmental Equipment Limited [#]), a domestic company with limited liability incorporated in the PRC under the law of the PRC, which is beneficially wholly-owned by the Target Company
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 30 August 2010 entered into between the Purchaser and the Vendor in relation to the Acquisition
“Sale Shares”	51% of the equity interest of the Target Company
“Share(s)”	ordinary share(s) of HK\$0.0005 each in the capital of the Company
“Shareholders”	holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	深圳市顺天运环保科技有限公司 (Shenzhen Shun Tian Yun Environmental Technology Limited [#]), a domestic company incorporated in the PRC, which is beneficially wholly-owned by the Vendor
“Target Group”	the Target Company and its subsidiary, details of which are disclosed in the section headed “Information on the Target Group” of this announcement
“Vendor”	王颖 (Wang Ying [#]), the sole shareholder of the Target Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	renminbi, the lawful currency of the PRC
“%”	per cent

By order of the Board
Global Energy Resources International Group Limited
Zhang Shi Min
Executive Director

Hong Kong, 30 August 2010

As at the date of this announcement, the Board comprises eight Directors. The executive Directors are Ms. Li Xiao Mei and Mr. Zhang Shi Min; the non-executive Directors are Mr. Wu Gao Yuan, Mr. Wen Wei Zhong and Mr. Qie Bing Bing; and the independent non-executive Directors are Mr. Leung Wah, Mr. Fung Hoi Wing, Henry and Mr. Cheung Chung Leung, Richard.

This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with 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 the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the GEM website at www.hkgem.com on the ‘Latest Company Announcements’ page for at least 7 days from the date of its posting and on the website of the Company at www.uurg.com.

The English transliteration of Chinese name is included in this announcement for reference only and should not be regarded as its official English name.

Unless otherwise stated, for illustration purpose only, the exchange rate used in this announcement RMB1.00 to HK\$1.14.