



Global Energy Resources International Group Limited

(continued in Bermuda with limited liability)

Stock Code: 8192



2010
Third Quarterly Report

To help the Global Warming.....
Develop the Clean Energy

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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. 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.

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This report, for which the directors (“Directors”) of Global Energy Resources International Group Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (“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 report 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 report misleading.

RESULTS

The board of directors (the “Board” or the “Directors”) of Global Energy Resources International Group Limited (the “Company”) announces the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months and nine months ended 30 September 2010 respectively together with the comparative unaudited figures for the corresponding periods in 2009 as follows:

Unaudited Condensed Consolidated Statement of Comprehensive Income

	Note	Three months ended 30 September		Nine months ended 30 September	
		2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
Revenue	3	942	882	4,425	2,683
Other income	3	21	54	101	65
Depreciation		(45)	(14)	(125)	(50)
Materials and consumables used		(561)	(279)	(3,146)	(1,660)
Staff costs		(2,116)	(1,416)	(6,486)	(5,047)
Other operating expenses		(2,234)	(1,731)	(6,716)	(4,437)
Loss from operations		(3,993)	(2,504)	(11,947)	(8,446)
Finance costs		(28)	(67)	(153)	(193)
Loss before income tax	4	(4,021)	(2,571)	(12,100)	(8,639)
Income tax credit	5	6	11	35	32
Loss for the period		(4,015)	(2,560)	(12,065)	(8,607)
Other comprehensive loss for the period					
Translation difference		(65)	1	(65)	4
Total comprehensive loss for the period		(4,080)	(2,559)	(12,130)	(8,603)
Loss for the period attributable to:					
Equity holders of the Company		(4,067)	(2,560)	(12,117)	(8,607)
Non-controlling interests		52	–	52	–
		(4,015)	(2,560)	(12,065)	(8,607)
Total comprehensive loss for the period attributable to:					
Equity holders of the Company		(4,132)	(2,559)	(12,182)	(8,603)
Non-controlling interests		52	–	52	–
		(4,080)	(2,559)	(12,130)	(8,603)
Loss per share in HK cents	6				
– Basic		(0.066)	(0.046)	(0.208)	(0.155)
– Diluted		N/A	N/A	N/A	N/A

Notes to the Condensed Consolidated Financial Statements

1. General Information

The Company is a limited liability company incorporated in the Cayman Islands and continued in Bermuda. The address of the Company's registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business is Unit 2803, 28th Floor, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong. The Company's shares are listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activity of the Company is investment holding. The subsidiaries are principally engaged in the provision of information technology, engineering consultancy services and production and sale of environmentally friendly air-conditioners.

2. Basis of Preparation

The Group's unaudited condensed consolidated results have been prepared in accordance with the Hong Kong Financial Reporting Standards which collective term includes all applicable individual Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The unaudited condensed consolidated results also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules").

The accounting policies adopted in preparing the unaudited condensed consolidated results for the nine months ended 30 September 2010 and 2009 are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2009. The condensed consolidated results are unaudited but have been reviewed by the audit committee of the Company.

3. Revenue

Revenue, which is also the Group's turnover, represents the aggregate of the amounts received and receivable from third parties in connection with the provision of information technology, engineering consultancy services and sales of environmentally friendly air-conditioners. Revenue and other income recognized during the period are as follows:

	Three months ended 30 September		Nine Months ended 30 September	
	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
Revenue				
Service income	403	882	3,886	2,683
Sale of environmentally friendly air-conditioners	539	–	539	–
	<u>942</u>	<u>882</u>	<u>4,425</u>	<u>2,683</u>
Other revenue				
Interest income	2	54	9	65
	<u>2</u>	<u>54</u>	<u>9</u>	<u>65</u>

4. Loss before Income Tax

The Group's loss before income tax is arrived at after charging:

	Three months ended 30 September		Nine Months ended 30 September	
	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
Directors' remuneration	929	85	2,918	498
Other staff costs	1,187	1,332	3,568	4,550
Depreciation	45	14	125	50
Operating lease rental in respect of land and building	763	693	1,887	1,842
Effective interest expense on convertible bonds	24	67	135	193
	<u>2,948</u>	<u>2,291</u>	<u>8,633</u>	<u>7,133</u>

5. Income Tax Expense

No provision for income tax has been made as the Group had no assessable profits for the three months and nine months ended 30 September 2010 (three months and nine months ended 30 September 2009: Nil).

	Three months ended 30 September 2010		Nine Months ended 30 September 2010	
	(Unaudited)	2009	(Unaudited)	2009
	HK\$'000	<i>HK\$'000</i>	HK\$'000	<i>HK\$'000</i>
Deferred tax				
Reversal of deferred tax liabilities	18	11	48	32
Total income tax credit	18	11	48	32

6. Loss Per Share

The calculation of basic loss per share for the three months and nine months ended 30 September 2010 is based on the unaudited net loss for the three months and nine months ended 30 September 2010 of approximately HK\$4,067,000 and HK\$12,117,000 (three months and nine months ended 30 September 2009: loss of approximately HK\$2,560,000 and HK\$8,607,000) and the weighted average of ordinary shares for the three months and nine months ended 30 September 2010 are 6,161,043,478 and 5,817,450,549 ordinary shares respectively (three and nine months ended 30 September 2009: 5,568,000,000 and 5,568,000,000 shares) in issue during the period.

No diluted loss per share has been presented because the potential ordinary shares had anti-dilutive effect during these periods.

7. Dividend

The Board does not recommend the payment of a dividend for the nine months ended 30 September 2010 (nine months ended 30 September 2009: Nil).

8. Reserves

Movements in reserves during the periods are as follows:

	Share capital (Unaudited) HK\$'000	Capital reserve (Unaudited) HK\$'000	Share premium (Unaudited) HK\$'000	Special reserve (Unaudited) HK\$'000	Convertible bonds equity reserve (Unaudited) HK\$'000	Exchange reserve (Unaudited) HK\$'000	Accumulated losses (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
At 1 January 2009	2,784	1,030	20,273	11	1,190	(3)	(10,010)	15,275
Total comprehensive loss for the period	-	-	-	-	-	4	(8,607)	(8,603)
At 30 September 2009	<u>2,784</u>	<u>1,030</u>	<u>20,273</u>	<u>11</u>	<u>1,190</u>	<u>1</u>	<u>(18,617)</u>	<u>6,672</u>
At 1 January 2010	2,784	1,030	20,273	11	1,190	9	(19,319)	5,978
Partial conversion of convertible bonds	400	-	42	-	(168)	-	-	274
Issue of new shares	90	-	49,410	-	-	-	-	49,500
Share issue expenses	-	-	(402)	-	-	-	-	(402)
Total comprehensive loss for the period	-	-	-	-	-	(65)	(12,065)	(12,130)
At 30 September 2010	<u>3,274</u>	<u>1,030</u>	<u>69,323</u>	<u>11</u>	<u>1,022</u>	<u>(56)</u>	<u>(31,384)</u>	<u>43,220</u>

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is principally engaged in the provision of information technology, engineering consultancy services and production and sale of environmentally friendly air-conditioners.

BUSINESS REVIEW AND PROSPECT

During the period under review, the Group's turnover amounted to approximately HK\$942,000, representing an increase of approximately 7% compared with the last corresponding period of approximately HK\$882,000.

The company has successfully completed two key projects in the People's Republic of China (the "PRC") in the third quarter in the northern part of the PRC namely Shandong and Jiangsu provinces. Regarding the Shandong project, it involves deploying natural and smoke ventilation solutions to Hai Er Greenland, a property in Jinan. Depending on the control strategy, the vents can be opened and closed automatically for increasing the air circulation in the building throughout the years. In case of fire, the vents will be forced to open for smoke extraction purpose.

Regarding the Jiangsu project, it involves deploying natural and smoke ventilation solutions to the Huawei Technologies Corporate Campus in Nanjing. This involves installing Automated Opening Vents (AOV) which aim to regulate natural air circulation through controlling the opening and closing of specific windows incorporated in the building depend on the changes in temperature and weather patterns, such as wind, rain etc. The solutions deliver better quality internal environment, excellent indoor air quality and carbon efficient energy management. In case of fire, the systems are designed to create a smoke free layer above the floor by removing smoke from the building. This is achieved by using the natural buoyancy of the hot gases to rise and exhaust through the high level vents.

Meanwhile, perceiving the growing potential for environmental industry in the PRC, the Group has been actively pursuing every investment opportunity to reach the top levels of the environmental industry. During the period under review, an acquisition of a company manufacturing environmentally friendly air-conditioners was completed. The market for environmental friendly air-conditioners has become established since it was introduced to the PRC in 2000. Therefore, the stage of rapid development of the industry for the coming five years is expected.

FINANCIAL REVIEW

For the nine months ended 30 September 2010, the Group's unaudited consolidated turnover and loss attributable to equity holders of the Company were approximately HK\$4,425,000 (2009: HK\$2,683,000) and HK\$12,117,000 (2009: HK\$8,607,000) respectively which were increased by approximately 65% and 41% respectively comparing with the corresponding period last year.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the nine months ended 30 September 2010.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 September 2010, the interests and short positions of the Directors in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Cap. 571 of the Laws of Hong Kong ("SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

Long positions in shares and underlying shares of the Company

Name	Number of shares interested	Approximate percentage of shareholding
Li Xiao Mei	7,670,000,000 (Notes 1, 2 & 4)	117.14% (Notes 2, 3 & 4)

Notes:

- (1) These shares are owned by Sound Treasure Holdings Limited, a company wholly owned by Li Xiao Mei. The 7,670,000,000 shares of the Company which Sound Treasure Holdings Limited is interested in consist of (1) 3,470,000,000 shares of the Company; and (2) a zero coupon convertible bonds of the principal amount of HK\$2,100,000 which can be converted into 4,200,000,000 shares of the Company (subject to adjustment in accordance with the terms and conditions of the convertible bonds) during its conversion period of five years from 4 September 2007.
- (2) On 6 October 2010, Sound Treasure Holdings Limited transferred zero coupon convertible bonds of the principal amount of HK\$300,000 of the Company to individuals who are not connected persons (as defined in the GEM Listing Rules) of the Company (the "Transfer").
- (3) On 11 October 2010, the Company issued 200,000,000 shares to bondholders upon received conversion notice under the terms and conditions of the Convertible Bonds (the "Conversion").
- (4) After the Transfer and the Conversion, the above number of shares interested and approximate percentage of share interest have been reduced to 7,070,000,000 shares and 104.77% respectively.

Save as disclosed above, as at 30 September 2010, none of the Directors had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to rules 5.46 to 5.67 of the GEM Listing Rules.

SHARE OPTION SCHEME

A share option scheme was adopted and approved by the sole member of the Company on 26 October 2002 (the "Share Option Scheme"). No share options have been granted under the Share Option Scheme since its adoption.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 September 2010, other than the interests of certain Directors as disclosed under the section headed "Directors' interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation" above, the interests or short positions of person in the shares and underlying shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long positions in shares and underlying shares of the Company

Name of Shareholder	Number of shares interested	Capacity in which shares are interested	Approximate percentage of issued share capital
Sound Treasure Holdings Limited	7,670,000,000 <i>(Notes 1, 2, 3 & 4)</i>	Beneficial owner	117.14% <i>(Notes 2, 3 & 4)</i>
Pong Wai San, Wilson	377,792,000 <i>(Notes 5 & 9)</i>	Personal	5.77% <i>(Notes 6 & 9)</i>
Tung Ching Yee, Helena	377,792,000 <i>(Notes 5 & 9)</i>	Family Interest	5.77% <i>(Notes 6 & 9)</i>
Chen Shuang Quan	400,000,000 <i>(Note 7)</i>	Personal	6.11% <i>(Note 8)</i>

Notes:

- (1) These shares are owned by Sound Treasure Holdings Limited, a company wholly owned by Li Xiao Mei. The 7,670,000,000 shares of the Company which Sound Treasure Holdings Limited is interested in consist of (1) 3,470,000,000 shares of the Company; and (2) a zero coupon convertible bonds of the principal amount of HK\$2,100,000 which can be converted into 4,200,000,000 shares of the Company (subject to adjustment in accordance with the terms and conditions of the convertible bonds) during its conversion period of five years from 4 September 2007.

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- (2) On 6 October 2010, Sound Treasure Holdings Limited transferred zero coupon convertible bonds of the principal amount of HK\$300,000 of the Company to individuals who are not connected persons (as defined in the GEM Listing Rules) of the Company (the "Transfer").
- (3) On 11 October 2010, the Company issued 200,000,000 shares to bondholders upon received conversion notice under the terms and conditions of the Convertible Bonds (the "Conversion").
- (4) After the Transfer and the Conversion, the above number of shares interested and approximate percentage of issued share capital have been reduced to 7,070,000,000 shares and 104.77% respectively.
- (5) Pong Wai San, Wilson holds 377,792,000 shares of the Company. Tung Ching Yee, Helena is the wife of Pong Wai San, Wilson and accordingly deemed to be interested in the shares beneficially owned by Pong Wai San, Wilson in his own capacity under SFO.
- (6) After the conversion, the above approximate percentage of issued share capital has been reduced from 5.77% to 5.60% respectively.
- (7) Chen Shuang Quan holds a zero coupon convertible bond of the principal amount of HK\$200,000 which can be converted into 400,000,000 shares of the Company (subject to adjustment in accordance with the terms and conditions of the convertible bonds) during its conversion period of five years from 4 September 2007.
- (8) After the conversion, the above approximate percentage of issued share capital has been reduced from 6.11% to 5.93% respectively.
- (9) On 25 October 2010, Pong Wai San, Wilson disposed of 50,000,000 shares of the Company (the "Disposal"). After the Disposal, the above number of shares interested and approximate percentage of issued share capital have been reduced to 327,792,000 shares and 4.86% respectively.

Save as disclosed above, as at 30 September 2010, the Directors were not aware of any other person (other than the directors and chief executives of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTOR'S RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Saved as disclosed in the section headed "Directors' interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation" above, at no time during the reporting period was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Saved as disclosed in the section headed "Directors' interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation" above, at no time during the reporting period had the Directors and chief executives of the Company (including their spouses and children under 18 years of age) any interest in, or been granted, or exercised any rights to subscribe for shares (or warrants or debentures, if applicable) of the Company and its associated corporations (within the meaning of the SFO).

DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the Directors of the Company and their respective associates (as defined in the GEM Listing Rules) have any business or interest in companies that competes or may compete with the business of the Group or any other conflict of interests with the Group.

CONNECTED TRANSACTION

No contracts of significance to which the Company or its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the nine months ended or at any time during the nine months ended 30 September 2010.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 15 of the GEM Listing Rules. Except as noted below, the Company has applied the principles in the CG Code and complied with the code provisions set out in the CG Code for the nine months ended 30 September 2010.

DISTINCTIVE ROLES OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The code provision A2.1 stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.

Since 30 July 2010, the roles of the chairman and the chief executive officer of the Company have been separated and performed by Ms. Li Xiao Mei and Mr. Zhang Shi Min respectively.

AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") with written terms of reference in compliance with the provisions set out in the CG Code particularly C.3.3 of the CG Code and Rules 5.28 and 5.33 of the GEM Listing Rules and which had been revised on 1 March 2008. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls system of the Group, and provide advice and comments on the Company's draft annual reports and accounts, half year reports and quarterly reports to the Directors. As at the date of this report, the Audit Committee comprises three members, Mr. Leung Wah, Mr. Fung Hoi Wing, Henry and Mr. Cheung Chung Leung, Richard, all of them are independent non-executive Directors. The chairman of the Audit Committee is Mr. Leung Wah. The Audit Committee has reviewed the Group's unaudited quarterly results for the three months ended 31 March 2010 and the unaudited third quarterly results for the nine months ended 30 September 2010.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, the Company was not aware of any non-compliance with such required standard of dealings and its code of conduct regarding securities transactions throughout the period ended 30 September 2010.

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As at the date of this report, the Board comprises the following Directors:

Executive Directors:

Ms. Li Xiao Mei

Mr. Zhang Shi Min

Non-executive Directors:

Mr. Wu Gao Yuan

Mr. Wen Wei Zhong

Mr. Qie Bing Bing

Independent non-executive Directors:

Mr. Leung Wah

Mr. Fung Hoi Wing, Henry

Mr. Cheung Chung Leung, Richard

By Order of the Board

Global Energy Resources International Group Limited

Li Xiao Mei

Chairman

Hong Kong, 12 November 2010