

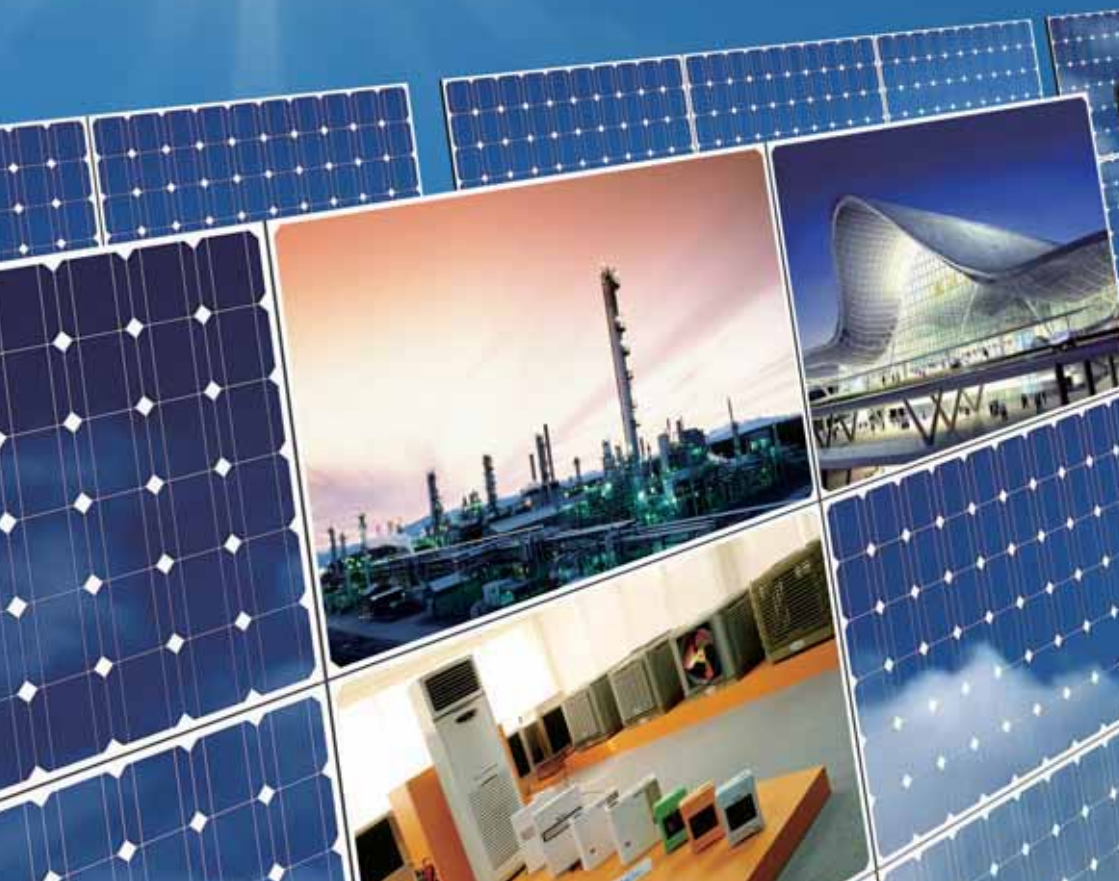


Global Energy Resources International Group Limited

(continued in Bermuda with limited liability)

Stock Code: 8192

2011 First Quarterly Report



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 of the Stock Exchange 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 (the “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 (the “GEM Listing Rules”) on GEM of the Stock Exchange 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 the Company announces the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months ended 31 March 2011, together with the comparative unaudited figures for the corresponding period in 2010 as follows:

Unaudited Condensed Consolidated Statement of Comprehensive Income

		Three months ended 31 March	
	Note	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Revenue	3	3,786	2,767
Cost of sale		(3,055)	–
		<hr/>	<hr/>
Gross profit		731	2,767
Other income		9	73
Depreciation		(67)	(1)
Materials and consumables used		(59)	(2,005)
Staff costs		(2,402)	(2,429)
Other operating expenses		(2,094)	(2,430)
		<hr/>	<hr/>
Loss from operations		(3,882)	(4,025)
Finance costs		–	(74)
		<hr/>	<hr/>
Loss before income tax	4	(3,882)	(4,099)
Income tax	5	(77)	–
		<hr/>	<hr/>
Loss for the period		(3,959)	(4,099)
		<hr/>	<hr/>
Other comprehensive loss for the period			
Translation difference		(227)	(2)
		<hr/>	<hr/>
Total comprehensive loss for the period		(4,186)	(4,101)
		<hr/>	<hr/>
Income (loss) for the period attributable to			
The owners of the Company		(4,027)	(4,099)
Non-controlling interest		68	–
		<hr/>	<hr/>
		(3,959)	(4,099)
		<hr/>	<hr/>
Total comprehensive loss for the period attributable to			
The owners of the Company		(4,164)	(4,101)
Non-controlling interest		(22)	–
		<hr/>	<hr/>
		(4,186)	(4,101)
		<hr/>	<hr/>
Loss per share in HK cents	6		
– Basic and diluted		(0.063)	(0.074)
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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 GEM of the Stock Exchange.

The principal activity of the Company is investment holding. The subsidiaries are principally engaged in manufacturing and sales of air-conditioners and related products and the provision of information technology, engineering consultancy services in the People's Republic of China (the "PRC").

2. Basis of Preparation

The Group's unaudited condensed consolidated financial statements 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 GEM Listing Rules.

The accounting policies adopted in preparing the unaudited condensed consolidated financial statements for the three months ended 31 March 2011 and 2010 are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2010. The condensed consolidated financial statements 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 sales of air-conditioners and related products, provision of information technology and engineering consultancy services.

4. Loss before Income Tax

The Group's loss before income tax is arrived at after charging/(crediting):

	3 months ended 31 March	
	2011	2010
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Directors' remuneration	1,006	1,063
Other staff costs	1,396	1,366
Depreciation	67	1
Operating lease rental in respect of land and building	821	680
Effective interest expense on convertible bonds	-	69
Interest income	(9)	(1)

5. Income Tax Expense

No provision for taxation has been made in the financial statements of subsidiaries in Hong Kong, as these companies had no assessable profit for the three months ended 31 March 2011 (three months ended 31 March 2010: Nil).

The income tax provision in respect of operations in PRC is calculated at the applicable rates on the estimated assessable profits for the period based on the unification of income tax rates for domestic-invested and foreign-invested enterprises at 25%.

	3 months ended 31 March	
	2011	2010
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current tax:		
PRC enterprise income tax	77	-
Deferred tax	-	-
	<hr/>	<hr/>
Total income tax	77	-
	<hr/>	<hr/>

6. Loss Per Share

The calculation of basic loss per share for the three months ended 31 March 2011 is based on the unaudited net loss for the three months ended 31 March 2011 of approximately HK\$4,027,000 (three months ended 31 March 2010: loss of approximately HK\$4,099,000) and the weighted average of 6,443,000,000 shares (three months ended 31 March 2010: 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 for each of the three months ended 31 March 2011 and 2010.

7. Dividend

The Board does not recommend the payment of dividend for the three months ended 31 March 2011 (three months ended 31 March 2010: Nil).

8. Reserves

Movements in reserves during the periods are as follows:

	Convertible							Subtotal	Non-controlling interests	Total (Unaudited)
	Share capital (Unaudited)	Capital reserve (Unaudited)	Share premium (Unaudited)	Special reserve (Unaudited)	bonds equity reserve (Unaudited)	Exchange reserve (Unaudited)	Accumulated losses (Unaudited)			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2010	2,784	1,030	20,273	11	1,190	9	(19,319)	5,978	-	5,978
Total comprehensive loss for the period	-	-	-	-	-	(2)	(4,099)	(4,101)	-	(4,101)
At 31 March 2010	2,784	1,030	20,273	11	1,190	7	(23,418)	1,877	-	1,877
At 1 January 2011	6,274	1,030	70,009	11	-	421	(37,315)	40,430	1,473	41,903
Net loss for the period	-	-	-	-	-	-	(4,027)	(4,027)	68	(3,959)
Other comprehensive income (loss)										
Translation difference	-	-	-	-	-	(137)	-	(137)	(90)	(227)
Total comprehensive loss for the period	-	-	-	-	-	(137)	(4,027)	(4,164)	(22)	(4,186)
At 31 March 2011	6,274	1,030	70,009	11	-	284	(41,342)	36,266	1,451	37,717

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is principally engaged in manufacturing and sales of environmentally friendly air-conditioners and related products, the provision of information technology and engineering consultancy services.

BUSINESS REVIEW AND PROSPECT

2011 is the commencement year of China's "Twelfth Five-Year Plan" for National Economic and Social Development and China's economy continues with its strong growth momentum. All these external factors provide the Group with a favorable operating environment.

Apart from the external favorable factors mentioned above, benefiting from aggressive sales strategy, effective sales network and development of new products, during the period under review, the Group's turnover amounted to approximately HK\$3,786,000, representing an increase of approximately 37% compared with the last corresponding period of approximately HK\$2,767,000. It met the Group's expectation.

The Group expects that the sales of environmentally friendly air-conditioners and related products will continue to increase and contribute a significant part of the revenue of the Group in 2011. During the first quarter under review, the growth rate of sales of environmentally friendly air-conditioners and related products was approximately 217% compared with the last quarter which were attributable to the launching of a series of new products developed including mobile environmentally friendly air-conditioner, Negative Pressure Exhaust Fan (負壓排風機), etc, optimization of after-sales service, increase of capital commitment in promotion and advertising. The Negative Pressure Exhaust Fan is a product which makes use of the principle of air convection. Its primary functions include releasing indoor's heat, smelling, dust and fumes to outdoor within a short time, supplying fresh air from outdoor to cool down indoor temperature simultaneously and further improving indoor's air quality.

Currently the impact of the global financial crisis still causes ripple on the global market, resulting in different recovery pace in different markets. It is apparent that competition is getting more and more intense. Given the implicated and fast changing market in 2011, the Group will continue to improve its existing business, in particular will continue its focus on products development and promotion of existing industrial environmental products and implement refined marketing strategy to further consolidate our brand image and market share, not only in the PRC market but also expanding to overseas market. The Group continues having an optimistic outlook for the sale of air-conditioners as summer is ordinarily the peak season of the sale of air-conditioners for coming second and third quarters.

Meanwhile, the Group is looking for other business and investment opportunities in other areas for enhancing its revenue on a stable and long term basis.

FINANCIAL REVIEW

For the three months ended 31 March 2011, the Group's unaudited consolidated turnover and loss attributable to equity holders of the Company were approximately HK\$3,786,000 (2010: HK\$2,767,000) and HK\$4,027,000 (2010: HK\$4,099,000) respectively which were increased by approximately 37% and decreased by approximately 2% respectively comparing with the corresponding period last year.

DIVIDEND

The Company does not recommend the payment of any dividend for the three months ended 31 March 2011 (2010: nil).

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 three months ended 31 March 2011.

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

As at 31 March 2011, 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 (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 were as follows:

Long positions in shares and underlying shares of the Company

Name	Number of Shares Personal interest	Approximate percentage of shareholding
Ms. Li Xiao Mei	6,470,000,000 (Note)	51.56%

Note: These shares are owned by Sound Treasure Holdings Limited, a company wholly owned by Ms. Li Xiao Mei who is the Chairman and an executive Director.

Save as disclosed above, as at 31 March 2011, 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 31 March 2011, 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/Name	Number of Shares interested	Capacity in which Shares are interested	Approximate percentage of issued share capital
Sound Treasure Holdings Limited	6,470,000,000 <i>(Note)</i>	Beneficial owner	51.56%
Ms. Li Xiao Mei	6,470,000,000 <i>(Note)</i>	Interest in controlled corporation	51.56%

Note: These shares are owned by Sound Treasure Holdings Limited, a company wholly owned by Ms. Li Xiao Mei who is the Chairman and an executive Director.

Save as disclosed above, as at 31 March 2011, 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 and the management shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) has any business or interest in companies that competes or may compete with the business of the Group or any other conflict of interests which any such person has or may have with the Group.

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. The Company has applied the principles in the CG Code and complied with the code provisions set out in the CG Code for the three months ended 31 March 2011.

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 and further revised on 22 March 2011. 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 2011.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding directors’ securities transactions on terms no less exacting than the required standard of dealings as 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 31 March 2011.

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

Executive Directors:

Ms. Li Xiao Mei
Mr. Zhang Shi Min
Mr. Qie Bing Bing

Non-executive Directors:

Mr. Wu Gao Yuan
Mr. Wen Wei Zhong

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, 11 May 2011