



Global Energy Resources International Group Limited

(continued in Bermuda with limited liability)

Stock Code: 8192

2013 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 on GEM of the Stock Exchange (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 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 2013, together with the comparative unaudited figures for the corresponding period in 2012 as follows:

Unaudited Condensed Consolidated Statement of Comprehensive Income

		Three months ended	
		31 March	
		2013	2012
	<i>Note</i>	(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
Revenue	3	291	2,027
Cost of sale		(214)	(1,382)
		<hr/>	<hr/>
Gross profit		77	645
Other revenue		1	5
Selling and distribution expenses		(40)	(252)
Administrative expenses		(2,890)	(3,698)
		<hr/>	<hr/>
Loss from operations		(2,852)	(3,300)
Finance costs		–	(126)
		<hr/>	<hr/>
Loss before taxation	4	(2,852)	(3,426)
Taxation	5	–	–
		<hr/>	<hr/>
Loss for the period		(2,852)	(3,426)
		<hr/>	<hr/>
Other comprehensive income for the period, net of income tax			
Exchange differences on translation of foreign operations		152	449
		<hr/>	<hr/>
Total comprehensive loss for the period		(2,700)	(2,977)
		<hr/>	<hr/>
Loss for the period attributable to			
Owners of the Company		(2,566)	(3,224)
Non-controlling interest		(286)	(202)
		<hr/>	<hr/>
		(2,852)	(3,426)
		<hr/>	<hr/>
Total comprehensive loss for the period attributable to			
Owners of the Company		(2,492)	(2,775)
Non-controlling interest		(208)	(202)
		<hr/>	<hr/>
		(2,700)	(2,977)
		<hr/>	<hr/>
Loss per share in HK cents	6		
– Basic and diluted		(0.204)	(0.257)
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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. In the opinion of the Directors, the ultimate holding company of the Company is Sound Treasure Holdings Limited, a company incorporated in British Virgin Islands.

The principal activity of the Company is investment holding. The subsidiaries are principally engaged in the manufacturing and sales of environmentally friendly air-conditioners and related products.

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 2013 and 2012 are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2012 and 2011. 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 environmentally friendly air-conditioners and related products.

4. Loss before Taxation

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

	3 months ended 31 March	
	2013	2012
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Directors' remuneration	270	483
Other staff costs	842	1,169
Depreciation of owned assets	107	72
Operating lease rental in respect of land and building	955	1,068
Interest income	(1)	(5)
	—————	—————

5. Taxation

No provision for Hong Kong profits tax was provided as the Group had no estimated assessable profits arising in or derived from Hong Kong during the three months ended 31 March 2013 and 2012.

No provision for the PRC enterprise income taxes was provided during the period as the subsidiaries operated in the PRC had no assessable profits for the three months ended 31 March 2013 and 2012.

6. Loss Per Share

The calculation of basic loss per share for the three months ended 31 March 2013 is based on the unaudited net loss for the three months ended 31 March 2013 of approximately HK\$2,566,000 (three months ended 31 March 2012: loss of approximately HK\$3,224,000) and the weighted average of 1,254,800,000 shares (three months ended 31 March 2012: 1,254,800,000 shares (after adjustment of effects from the share consolidation with effect from 7 February 2013)) in issue during the period.

During the period ended 31 March 2013, the Company's outstanding warrants were not included in the calculation of the diluted loss per share because the effect of the Company's outstanding warrants was anti-dilutive.

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 2013 and 2012.

7. Dividend

The Board does not recommend the payment of dividend for the three months ended 31 March 2013 (three months ended 31 March 2012: Nil).

8. Reserves

Movements in reserves during the periods are as follows:

	Share capital	Capital reserve	Share premium	Special reserve	Warrant reserve	Statutory reserve	Exchange reserve	Accumulated losses	Subtotal	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 January 2012 (Audited)	6,274	1,030	70,009	11	-	320	1,410	(58,890)	20,164	14,131	34,295
Net loss for the period	-	-	-	-	-	-	-	(3,224)	(3,224)	(202)	(3,426)
Other comprehensive income											
Exchange differences on translating foreign operations	-	-	-	-	-	4	445	-	449	-	449
Total comprehensive income/(loss) for the period	-	-	-	-	-	4	445	(3,224)	(2,775)	(202)	(2,977)
Balance at 31 March 2012 (Unaudited)	6,274	1,030	70,009	11	-	324	1,855	(62,114)	17,389	13,929	31,318

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	Share capital	Capital reserve	Share premium	Special reserve	Warrant reserve	Statutory reserve	Exchange reserve	Accumulated losses	Subtotal	Non- controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 January 2013 (Audited)	6,274	1,030	70,009	11	4,752	324	1,541	(76,075)	7,866	12,128	19,994
Capital expenditure for share consolidation	-	-	(199)	-	-	-	-	-	(199)	-	(199)
Transaction with owners	-	-	(199)	-	-	-	-	-	(199)	-	(199)
Net loss for the period	-	-	-	-	-	-	-	(2,566)	(2,566)	(286)	(2,852)
Other comprehensive income net of income tax											
Exchange differences on translation of foreign operations	-	-	-	-	-	2	72	-	74	78	152
Total comprehensive income/(loss) for the period	-	-	-	-	-	2	72	(2,566)	(2,492)	(208)	(2,700)
Balance at 31 March 2013 (Unaudited)	6,274	1,030	69,810	11	4,752	326	1,613	(78,641)	5,175	11,920	17,095

9. Comparatives

Certain comparative amounts have been reclassified to conform with current period's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is principally engaged in the manufacturing and sales of environmentally friendly air-conditioners and related products.

BUSINESS REVIEW AND PROSPECT

The operating environment of China's manufacturing industry remained tough during the first quarter this year. Global economic growth stayed fragile and uncertain, and the growth of China's economy has been slowing down. During the period under review, the Group's revenue amounted to approximately HK\$291,000, representing a decrease of approximately 85.6% comparing with corresponding period last year (2012: HK\$2,027,000). The decrease is mainly attributable to reduction in both the sales volume and average unit sales price of environmentally friendly air-conditioners as a result of adverse market conditions and the first quarter is a traditional low season for the sales of air-conditioners.

During the first quarter, the company has produced certain amounts of evaporative type condensers air-conditioners. Currently the company is tentatively focusing on promotion based on current sales network. The number of contracted dealers of the company has increased to 40 and we hold at least two product launches monthly. Although the growth of the sales of condensers air-conditioners has not been reflected in the financial results of this quarter, the management hopes the improvement will be reflected in the coming quarters.

Notwithstanding the difficult challenges ahead, the Group will use its best endeavours to take all necessary effective actions and measures that the Board thinks fit with the aim to ensuring the sustainability of the Group's business development. Meanwhile, the Group is actively looking for investment opportunities in the energy and resources business with a view to bringing in improved returns and providing greater value to our shareholders.

FINANCIAL REVIEW

For the three months ended 31 March 2013, the Group's unaudited consolidated revenue and loss attributable to the owners of the Company were approximately HK\$291,000 (2012: HK\$2,027,000) and HK\$2,566,000 (2012: HK\$3,224,000) respectively which decreased by approximately 85.6% and 20.4% respectively comparing with the corresponding period last year.

The administrative expenses was decreased by approximately HK\$808,000 from HK\$3,698,000 of the same period of last year to HK\$2,890,000 for this period.

As at 31 March 2013, the Group had an outstanding loan of HK\$6,750,000 due to the controlling and substantial shareholder of the Company, Sound Treasure Holdings Limited, which is unsecured, interest-free and repayable on demand (31 December 2012: HK\$5,628,000).

DIVIDEND

The Board does not recommend the payment of dividend for the three months ended 31 March 2013 (three months ended 31 March 2012: 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 2013.

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

As at 31 March 2013, 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 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.

SHARE OPTION SCHEME

A share option scheme (the "Share Option Scheme") has been adopted and approved by the shareholders of the Company at the annual general meeting held on 9 May 2012. As at the date of this report, no option has been granted under the Share Option Scheme.

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

As at 31 March 2013, the interests and 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 held	Approximate percentage of issued share capital
Sound Treasure Holdings Limited	517,000,000 (Note)	Beneficial owner	41.20%
Ms. Li Xiao Mei	517,000,000 (Note)	Interest in controlled corporation	41.20%

Note: The shares are held by Sound Treasure Holdings Limited ("Sound Treasure") incorporated in British Virgin Islands with limited liability, a company wholly owned by Ms. Li Xiao Mei. By virtue of the provisions of Divisions 7 and 8 of Part XV of the SFO, Ms. Li is deemed to be interested in the shares held by Sound Treasure.

Save as disclosed above, as at 31 March 2013, the Directors were not aware of any other person 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

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.

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 controlling shareholders 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 which any such person has or may have with the Group.

CORPORATE GOVERNANCE PRACTICES

The Company has complied with all the code provisions set out in the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 of the GEM Listing Rules (the "CG Code") for the three months ended 31 March 2013, other than the code provision A.2.1 of the CG Code as disclosed below.

DISTINCTIVE ROLES OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

As at the date of this report, Mr. Zhang Shi Min is the chief executive officer of the Group. The position of the chairman of the Board has become vacant since the resignation of Mr. Li Shan Jie on 22 November 2012. The board will appoint a chairman to fill the vacancy when the appropriate candidate has been identified.

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. 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. Gao Jin Lu, 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 2013.

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 2013.

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

Executive Directors:

Mr. Zhang Shi Min
Mr. Qie Bing Bing

Independent non-executive Directors:

Mr. Leung Wah
Mr. Fung Hoi Wing, Henry
Mr. Gao Jin Lu

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

Hong Kong, 9 May 2013