



Global Energy Resources International Group Limited

(continued in Bermuda with limited liability)

Stock Code: 8192

2014

FIRST QUARTERLY REPORT

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

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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 (the "Board") of 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 2014, together with the comparative unaudited figures for the corresponding period in 2013 as follows:

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	Three months ended	
		2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Revenue	3	22	291
Cost of sales		(19)	(214)
Gross profit		3	77
Other revenue	3	32	1
Other gain	4	18	–
Selling and distribution expenses		–	(40)
Administrative expenses		(3,801)	(2,890)
Loss from operations		(3,748)	(2,852)
Finance costs		(1)	–
Loss before taxation	5	(3,749)	(2,852)
Taxation	6	–	–
Loss for the period		(3,749)	(2,852)
Other comprehensive income for the period, net of income tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(70)	152
Other comprehensive income for the period, net of income tax		(70)	152
Total comprehensive loss for the period		(3,819)	(2,700)

	Three months ended	
	31 March	
	2014	2013
	(Unaudited)	(Unaudited)
<i>Notes</i>	HK\$'000	HK\$'000
Loss for the period attributable to		
Owners of the Company	(3,509)	(2,566)
Non-controlling interests	(240)	(286)
	<u>(3,749)</u>	<u>(2,852)</u>
Total comprehensive loss for the period		
attributable to		
Owners of the Company	(3,485)	(2,492)
Non-controlling interests	(334)	(208)
	<u>(3,819)</u>	<u>(2,700)</u>
Loss per share in HK cents		
– Basic and diluted	(0.170)	(0.204)

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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 HM 11, Bermuda and its head office and principal place of business is Room 3008-10, 30th Floor, Tower 6, The Gateway, Harbour City, 9 Canton Road, Tsim Sha Tsui, Kowloon, 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 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 2014 and 2013 are consistent with those followed in the preparation of the Group's annual financial statements for the years ended 31 December 2013 and 2012 respectively. The condensed consolidated financial statements are unaudited but have been reviewed by the audit committee of the Board.

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. Revenue and other income recognised during the period are as follows:

	3 months ended 31 March	
	2014	2013
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Revenue		
Sales of environmentally friendly air-conditioners and related products	22	291
Interest income	30	1
Sundry income	2	–
	32	1

4. Other Gain

	3 months ended 31 March	
	2014	2013
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Reversal of impairment loss on inventories	18	–

5. Loss before Taxation

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

	3 months ended 31 March	
	2014	2013
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Directors' remuneration	342	270
Other staff costs	626	842
Depreciation of owned assets	156	107
Operating lease rental in respect of land and building	1,601	955

6. 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 2014 and 2013.

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 2014 and 2013.

7. Loss Per Share

On 24 January 2014, the Company entered into a placing agreement (the "Placing Agreement") with a placing agent. Pursuant to the Placing Agreement, the Company has issued 250,960,000 new ordinary shares at the price of HK\$0.39 per placing share on 7 February 2014 (the "Placing"). For the details, please refer to the Company's announcements dated 24 January 2014 and 7 February 2014.

The calculation of basic loss per share for the three months ended 31 March 2014 is based on the unaudited net loss for the three months ended 31 March 2014 of approximately HK\$3,509,000 (31 March 2013: HK\$2,566,000) and the weighted average number of 2,061,004,588 (31 March 2013: 1,254,800,000) ordinary shares in issue during the period.

The dilutive loss per share is equal to the basic loss per share for the three months ended 31 March 2014 and 2013. Because the effect of the Company's outstanding warrants was anti-dilutive.

8. Dividend

The Board does not recommend the payment of dividend for the three months ended 31 March 2014 (three months ended 31 March 2013: Nil).

9. Reserves

Movements in reserves during the periods are as follows:

	Attributable to owners of the Company									Non-controlling interests	Total
	Share capital	Capital reserve	Share premium	Special reserve	Warrant reserve	Statutory reserve	Exchange reserve	Accumulated losses	Subtotal		
	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
Transaction costs attributable to 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
Balance at 1 January 2014 (Audited)	9,411	1,030	108,565	11	4,752	324	1,831	(90,934)	34,990	12,067	47,057
Placing new shares	1,255	-	96,619	-	-	-	-	-	97,874	-	97,874
Transaction costs attributable to placing new shares	-	-	(2,536)	-	-	-	-	-	(2,536)	-	(2,536)
Transaction with owners	1,255	-	94,083	-	-	-	-	-	95,338	-	95,338
Net loss for the period	-	-	-	-	-	-	-	(3,509)	(3,509)	(240)	(3,749)
Other comprehensive income, net of income tax											
Exchange differences on translation of foreign operations	-	-	-	-	-	(4)	28	-	24	(94)	(70)
Total comprehensive income/(loss) for the period	-	-	-	-	-	(4)	28	(3,509)	(3,485)	(334)	(3,819)
Balance at 31 March 2014 (Unaudited)	10,666	1,030	202,648	11	4,752	320	1,859	(94,443)	126,843	11,733	138,576

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10. Share Capital

	Number of shares <i>'000</i>	Share capital <i>HK\$'000</i>
<i>Authorised:</i>		
Ordinary shares of HK\$0.005 each at 1 January 2014 and 31 March 2014	4,000,000	20,000
<i>Issued and fully paid:</i>		
Ordinary shares of HK\$0.005 each at 1 January 2014	1,882,200	9,411
The Placing	250,960	1,255
Ordinary shares of HK\$0.005 each at 31 March 2014	2,133,160	10,666

Pursuant to the Placing Agreement, the Company issued 250,960,000 new ordinary shares on 7 February 2014.

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

As mentioned in the Annual Report 2013 of the Company dated 19 March 2014, the turnover of the air-conditioners was anticipated to further decrease due to fierce competition in the market. During the period under review, the Group's revenue amounted to approximately HK\$22,000, representing a decrease of approximately 92.4% comparing with corresponding period last year (2013: HK\$291,000). Due to the difficulty operating in the air-conditioners manufacturing business, we have actively explored the feasibility of expansion into other business segments since last year. Orders of general trading in metal products have successfully been secured after negotiated with the target customer during the first quarter of this year. The results will be reflected in the forthcoming interim report of the Company.

In the past year, the Group has been actively seeking new investment opportunities in environmental friendly business including but not limited to energy conservation and emission reduction business in order to expand the source of income and prospectus of the Group. On 9 May 2014, the Board announced a discloseable transaction in respect of an acquisition of the entire interest in a target company. The target company is the sole legal and beneficial owner of the copyright of 碳排放交易平台 (carbon emission trading platform). The Group intends, if the completion of the discloseable transaction takes place, to provide this platform for its registered member to trade the rights and related products through which mainly fixed membership fee and trading commission income will be expected and attributed to secure the source of income of the Group.

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 of ensuring the sustainability of the Group's business development.

FINANCIAL REVIEW

For the three months ended 31 March 2014, the Group's unaudited consolidated revenue and loss attributable to the owners of the Company were approximately HK\$22,000 (2013: HK\$291,000) and HK\$3,509,000 (2013: HK\$2,566,000) respectively which decreased by approximately 92.4% and increased by approximately 36.7% respectively comparing with the corresponding period last year.

For the three months ended 31 March 2014, the administrative expenses amounted to approximately HK\$3,801,000 (2013: HK\$2,890,000) representing an increase of approximately 31.5% comparing with the corresponding period last year. The increase is mainly attributable to increase in operating lease payment for the Head Office of the Company in Hong Kong.

DIVIDEND

The Board does not recommend the payment of dividend for the three months ended 31 March 2014 (2013: 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 2014.

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

As at 31 March 2014, 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.

NON-LISTED WARRANTS

On 10 May 2012, the Company placed an aggregate of 1,000,000,000 non-listed warrants (the "Warrants") at the placing price of HK\$0.005 per warrant and of which conferring rights to subscribe for 1,000,000,000 new ordinary shares of the Company at the exercise price of HK\$0.15 per share (subject to the adjustment). The Warrants should be exercised within the subscription period commencing 24 months from 10 May 2012.

Number and the exercise price of the Warrant were subsequently adjusted to 100,000,000 Warrants and HK\$1.5 per share respectively due to the share consolidation of the Company effective from 7 February 2013, and were further adjusted to 150,000,000 Warrants and HK\$1.00 per share respectively due to the open offer of the Company effective from 31 December 2013.

As at the date of this report, no Warrants have been exercised by any registered holders of the Warrants.

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

As at 31 March 2014, 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
Mr. Li Yu	133,600,000	Beneficial owner	6.26%

Save as disclosed above, as at 31 March 2014, 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 substantial 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 as set out in Corporate Governance Code and Corporate Governance Report contained in Appendix 15 of the GEM Listing Rules (the "CG Code") for the three months ended 31 March 2014, 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. Chan Kwok Wing 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. Mr. Zhan Shi Min has also resigned as the deputy chairman of the Board on 9 May 2014 and will be effective from 10 May 2014. 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. Yeung Chun Wai, Anthony, 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 2014.

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 2014.

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

Executive Directors:

Mr. Chan Kwok Wing
Mr. Chen Hong Bo
Ms. Ge Yan Hong
Mr. Zhang Shi Min

Independent non-executive Directors:

Mr. Leung Wah
Mr. Fung Hoi Wing, Henry
Mr. Yeung Chun Wai, Anthony

By order of the Board
Global Energy Resources International Group Limited
Chan Kwok Wing
Chief Executive Officer and Executive Director

Hong Kong, 9 May 2014