



Global Energy Resources International Group Limited

(continued in Bermuda with limited liability)

Stock Code: 8192

2014

INTERIM 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 condensed consolidated financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months and six months ended 30 June 2014 respectively, together with the comparative figures for the corresponding periods in 2013 as follows:

Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

		Three months ended 30 June		Six months ended 30 June	
		2014	2013	2014	2013
	Note	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	3	155,627	736	155,649	1,027
Cost of sales		(155,475)	(528)	(155,494)	(742)
Gross profit		152	208	155	285
Other revenue	3	74	–	106	1
Other gains and losses	4	42	701	60	701
Selling and distribution expenses		(336)	(11)	(336)	(51)
Administrative expenses		(5,716)	(3,118)	(9,517)	(6,008)
Loss from operations		(5,784)	(2,220)	(9,532)	(5,072)
Finance costs		(13)	–	(14)	–
Loss before taxation	6	(5,797)	(2,220)	(9,546)	(5,072)
Taxation	7	(8)	(2)	(8)	(2)
Loss for the period		(5,805)	(2,222)	(9,554)	(5,074)
Other comprehensive income/(loss) for the period, net of income tax					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations		12	328	(58)	480
Total comprehensive loss for the period		(5,793)	(1,894)	(9,612)	(4,594)

	Three months ended 30 June		Six months ended 30 June	
	2014	2013	2014	2013
Note	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss for the period attributable to				
Owners of the Company	(5,681)	(1,951)	(9,190)	(4,517)
Non-controlling interests	(124)	(271)	(364)	(557)
	<u>(5,805)</u>	<u>(2,222)</u>	<u>(9,554)</u>	<u>(5,074)</u>
Total comprehensive loss for the period attributable to				
Owners of the Company	(5,673)	(1,795)	(9,158)	(4,287)
Non-controlling interests	(120)	(99)	(454)	(307)
	<u>(5,793)</u>	<u>(1,894)</u>	<u>(9,612)</u>	<u>(4,594)</u>
Loss per share in HK\$ cents				
– Basic and diluted	(0.254)	(0.155)	(0.428)	(0.360)

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Unaudited Condensed Consolidated Statement of Financial Position

	Note	As at 30 June 2014 (Unaudited) HK\$'000	As at 31 December 2013 (Audited) HK\$'000
Assets and liabilities			
Non-current assets			
Property, plant and equipment		7,833	1,331
Other assets		629	634
Intangible asset	10	161,869	–
		170,331	1,965
Current assets			
Inventories		10,825	10,887
Trade receivables	11	8,119	5,265
Other receivables, deposits and prepayments	12	20,575	14,698
Cash and cash equivalents		102,669	43,179
		142,188	74,029
Current liabilities			
Trade payables	13	1,147	1,071
Accruals and other payables	14	12,039	8,209
Amounts due to related parties	15	5,274	5,877
Amount due to a shareholder	16	–	11,480
Borrowings		–	2,300
		18,460	28,937
Net current assets		123,728	45,092
Total assets less current liabilities		294,059	47,057
Net assets		294,059	47,057

		As at 30 June 2014 (Unaudited) HK\$'000	As at 31 December 2013 (Audited) HK\$'000
	<i>Note</i>		
Equity			
Share capital	17	12,795	9,411
Reserves		269,651	25,579
		<hr/>	<hr/>
Total equity attributable to owners of the Company		282,446	34,990
Non-controlling interests		11,613	12,067
		<hr/>	<hr/>
Total equity		294,059	47,057
		<hr/>	<hr/>

Unaudited Condensed Consolidated Statement of Changes in Equity

	Attributable to owners of the Company								Non-controlling interests		Total
	Share capital	Capital reserve	Share premium	Special reserve	Warrants 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	HK\$'000
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
Implement the share consolidation, net of transaction cost	-	-	(239)	-	-	-	-	-	(239)	-	(239)
Transaction with owners	-	-	(239)	-	-	-	-	-	(239)	-	(239)
Net loss for the period	-	-	-	-	-	-	-	(4,517)	(4,517)	(557)	(5,074)
Other comprehensive income, net of income tax:											
Exchange differences on translation of foreign operations	-	-	-	-	-	7	223	-	230	250	480
Total comprehensive income/(loss) for the period	-	-	-	-	-	7	223	(4,517)	(4,287)	(307)	(4,594)
At 30 June 2013 (Unaudited)	6,274	1,030	69,770	11	4,752	331	1,764	(80,592)	3,340	11,821	15,161
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)
Equity-settled share-based acquisition	2,129	-	159,677	-	-	-	-	-	161,806	-	161,806
Transaction costs attributable to Equity-settled share-based acquisition	-	-	(530)	-	-	-	-	-	(530)	-	(530)
Expiry of Non-listed warrant (a)	-	-	-	-	(4,752)	-	-	4,752	-	-	-
Transaction with owners	3,384	-	253,230	-	(4,752)	-	-	4,752	256,614	-	256,614
Net loss for the period	-	-	-	-	-	-	-	(9,190)	(9,190)	(364)	(9,554)
Other comprehensive income, net of income tax:											
Exchange differences on translation of foreign operations	-	-	-	-	-	-	32	-	32	(90)	(58)
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	32	(9,190)	(9,158)	(454)	(9,612)
At 30 June 2014 (Unaudited)	12,795	1,030	361,795	11	-	324	1,863	(95,372)	282,446	11,613	294,059

- (a) 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). During a period of 24 months commencing from the completion date of the subscription of the Warrants, no warrants were exercised and the Warrants expired on 10 May 2014. Accordingly, the net proceeds from the Warrants placing of approximately HK\$4,752,000 which was recorded as a component of shareholders' equity in warrant reserve, was transferred to accumulated losses.

Unaudited Condensed Consolidated Statement of Cash Flows

	Six months ended	
	30 June	
	2014	2013
	HK\$'000	HK\$'000
Net cash outflow from operating activities	(12,787)	(5,953)
Net cash (outflow)/inflow from investing activities	(9,894)	1
Net cash inflow from financing activities	82,215	4,511
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	59,534	(1,441)
Cash and cash equivalents at the beginning of the period	43,179	1,292
Effect of foreign exchange rate changes	(44)	354
	<hr/>	<hr/>
Cash and cash equivalents at the end of the period	102,669	205
	<hr/>	<hr/>
Analysis of balances of cash and cash equivalents		
Cash and bank balances	102,669	205
	<hr/>	<hr/>

Notes to the Unaudited 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 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, and trading of metal products.

2. Basis of Preparation and Principal Accounting Policies

The unaudited condensed consolidated interim financial statements (the "Interim Financial Statements") have been prepared in accordance with the applicable disclosure provisions of Chapter 18 of the GEM Listing Rules and with Hong Kong Accounting Standard (the "HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The Interim Financial Statements have been prepared under the historical cost basis.

The accounting policies, recognition and measurement principles used in the preparation of the Interim Financial Statements are consistent with those used in the annual accounts for the year ended 31 December 2013.

In the current interim period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 January 2014. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRSs"); HKASs and Interpretations. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group's accounting policies and amounts reported for the current year and prior year.

The Group has not yet applied new or revised HKFRSs that have been issued but not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new or revised HKFRSs would have a material impact on its results of operations.

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 manufacturing and sales of environmentally friendly air-conditioners and related products, and trading of metal products. Revenue and other revenue recognised during the period are as follows:

	Three months ended		Six months ended	
	30 June		30 June	
	2014	2013	2014	2013
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue				
Sales of air-conditioners and related products	88	736	110	1,027
Sales of metal products	155,539	–	155,539	–
	155,627	736	155,649	1,027
Other revenue				
Interest income	72	–	102	1
Sundry income	2	–	4	–
	74	–	106	1

4. Other Gains and Losses

	Three months ended 30 June		Six months ended 30 June	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Impairment loss reversed on trade receivables	-	924	-	924
Impairment loss recognised on trade receivables	-	(223)	-	(223)
Impairment loss reversed on inventories	<u>42</u>	<u>-</u>	<u>60</u>	<u>-</u>
	42	701	60	701

5. Segment Information

Information reported to executive director and chief executive officer of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The Group's reportable segments under HKFRS 8 are as follows:

- Manufacturing and sales of environmentally friendly air-conditioners and related products ("Sales of air-conditioners")
- Trading of metal products

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segments.

For the period ended 30 June 2014:

	Sales of air-conditioners (Unaudited) HK\$'000	Trading of metal products (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Segment revenue	110	155,539	155,649
Segment results	(1,254)	(982)	(2,236)
Other gains and losses and other revenue			166
Central administrative costs			(7,462)
Finance costs			(14)
Loss before taxation			(9,546)

For the period ended 30 June 2013:

	Sales of air-conditioners (Unaudited) HK\$'000	Trading of metal products (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Segment revenue	1,027	–	1,027
Segment results	(1,372)	–	(1,372)
Other gains and losses and other revenue			702
Central administrative costs			(4,402)
Finance costs			–
Loss before taxation			(5,072)

All of the segment revenue reported above is generated from external customers.

6. Loss before Taxation

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

	Three months ended 30 June		Six months ended 30 June	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Directors' remuneration	468	355	810	625
Other staff costs	1,405	934	2,031	1,776
Depreciation	300	108	456	215
Operating lease rental in respect of rental premises	1,655	976	3,256	1,931
Legal and professional fee	393	190	910	496
Research and development costs	300	–	300	–
Interest income	(72)	–	(102)	(1)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

7. Taxation

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 six months ended 30 June 2014 (six months ended 30 June 2013: Nil).

The income tax provision in respect of operations in the PRC is calculated at the applicable rates on the estimated assessable profit for the period based on the unification of income tax rates for domestic-invested and foreign-invested enterprises at 25% (2013: 25%).

	Three months ended 30 June		Six months ended 30 June	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Current tax				
PRC enterprise income tax	(8)	(2)	(8)	(2)
Deferred tax				
Reversal of deferred tax liabilities	–	–	–	–
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total taxation expense	(8)	(2)	(8)	(2)

8. Loss Per Share

On 24 January 2014, the Company entered into a placing agreement (the "Placing Agreement") with a placing agent, pursuant to which the Company issued 250,960,000 new ordinary shares at the price of HK\$0.39 per placing share on 7 February 2014 (the "Placing Shares").

On 8 May 2014, the Company entered into a sales and purchase agreement (the "S&P Agreement") for the acquisition of entire interest in Vax Limited, pursuant to which the Company issued 425,806,000 new ordinary shares on 9 June 2014 (the "Consideration Shares").

The calculation of basic loss per share for the three months and six months ended 30 June 2014 are based on the unaudited net loss attributable to owners of the Company for the three months and six months ended 30 June 2014 of approximately HK\$5,681,000 and HK\$9,190,000 (three months and six months ended 30 June 2013: loss of approximately HK\$1,951,000 and HK\$4,517,000) and the weighted average of ordinary shares for the three months and six months ended 30 June 2014 are 2,236,102,110 and 2,149,037,044 ordinary shares (three and six months ended 30 June 2013: 1,254,800,000 and 1,254,800,000 ordinary shares) in issue during the period.

Diluted loss per share for the three months and six months ended 30 June 2014 and 2013 were the same as the basic loss per share. Because the effect of the Company's outstanding warrants was anti-dilutive during the reporting period.

9. Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2014 (six months ended 30 June 2013: Nil).

10. Intangible Asset

As at 30 June 2014, the Group had intangible asset arising from the acquisition of Vax Limited and its direct wholly-owned subsidiary (collectively, the "Vax Group"). Vax Limited is the sole legal and beneficial owner of the copyright of Carbon Emission Trading Platform (the "CETP") being a computer programme consisting of a system through which the carbon emission rights can be traded and has finite useful lives.

Details of the acquisition were set out in note 18 to the unaudited condensed consolidated financial statements of this report.

11. Trade Receivables

	As at 30 June 2014 (Unaudited) HK\$'000	As at 31 December 2013 (Audited) HK\$'000
Trade receivables	8,119	5,265

The Directors consider that the fair values of trade receivables which are expected to be recovered within one year are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

The average credit periods on sales of goods are 181-365 days to its trade customers. The following is an ageing analysis of trade receivables at the end of the reporting period:

	As at 30 June 2014 (Unaudited) HK\$'000	As at 31 December 2013 (Audited) HK\$'000
0-90 days	4,240	1,477
91-180 days	-	2,667
181-365 days	693	577
Over 365 days	3,186	544
	8,119	5,265

As at 30 June 2014, trade receivables of HK\$3,879,000 (31 December 2013: HK\$1,121,000) were neither past due nor impaired. These related to certain member of diversified customers for whom there was no recent history of default. The ageing of these trade receivables are as follows:

	As at 30 June 2014 (Unaudited) HK\$'000	As at 31 December 2013 (Audited) HK\$'000
181–365 days	693	577
Over 365 days	3,186	544
	3,879	1,121

Trade receivables that were past due but not impaired related to a number of diversified customers that had a good track record of credit with the Group. Based on past credit history, the management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable. The Group did not hold any collaterals in respect of trade receivables past due but not impaired.

12. Other Receivables, Deposits and Prepayments

	As at 30 June 2014 (Unaudited) HK\$'000	As at 31 December 2013 (Audited) HK\$'000
Deposit paid and prepayments to suppliers	3,753	13,607
Prepayment for the R&D Center	2,500	–
Other deposits and receivables	14,286	855
Value added tax receivables	36	236
	20,575	14,698

On 19 June 2014, the Company had entered into a cooperation agreement with China Forestry Exchange Limited in relation to carbon sequestration projects in China, pursuant to which the Company had paid RMB2 million (approximately HK\$2,500,000) for the establishment of an International Carbon Sequestration Research and Development Center (the "R&D Center"). Pursuant to this agreement, the Company will further invest RMB8 million for the establishment of a China International Carbon Sequestration Trading Platform (the "Trading Platform"). For details, please refer to the Company's announcement dated 19 June 2014.

13. Trade Payables

Based on the invoice dates of the trade payables were as follows:

	As at 30 June 2014 (Unaudited) HK\$'000	As at 31 December 2013 (Audited) HK\$'000
0-90 days	33	25
91-180 days	92	15
181-365 days	774	780
Over 365 days	248	251
	<hr/> 1,147 <hr/>	<hr/> 1,071 <hr/>

14. Accruals and Other Payables

	As at 30 June 2014 (Unaudited) HK\$'000	As at 31 December 2013 (Audited) HK\$'000
Accruals	610	1,258
Receipt in advances	3	3
Other payables	11,426	6,948
	<hr/> 12,039 <hr/>	<hr/> 8,209 <hr/>

15. Amounts Due to Related Parties

The amounts due to related parties are unsecured, interest-free and repayable on demand.

16. Amount Due to A Shareholder

As at 30 June 2014, there was no amount due to the shareholder (31 December 2013: HK\$11,480,000).

17. Share Capital

	Number of shares '000	Share capital HK\$'000
<i>Authorised:</i>		
Ordinary shares of HK\$0.005 each at 31 December 2013 and 30 June 2014	4,000,000	20,000
<i>Issued and fully paid:</i>		
Ordinary shares of HK\$0.005 each at 31 December 2013 and 1 January 2014	1,882,200	9,411
Issue of the Placing Shares (<i>Note 1</i>)	250,960	1,255
Issue of the Consideration Shares (<i>Note 2</i>)	425,806	2,129
Ordinary shares of HK\$0.005 each at 30 June 2014	2,558,966	12,795

Notes:

- (1) Pursuant to the Placing Agreement, the Company issued 250,960,000 new ordinary shares on 7 February 2014.
- (2) Pursuant to the S&P Agreement, the Company issued 425,806,000 new ordinary shares on 9 June 2014. The closing market price per share of immediately preceding business date of issue is HK\$0.38 which approximate the fair value per share of the shares issued. The difference between the fair value of shares issued net of issuing cost and the nominal value of the shares issued was credited to the share premium account.

18. Acquisition of Subsidiaries

On 8 May 2014, the Group acquired the Vax Group at an aggregate consideration of approximately HK\$198,000,000 which was satisfied by the issue of 425,806,000 new ordinary shares of the Company at the price of HK\$0.465 per consideration share. Details of the Consideration Shares issued are set out in note 17 to the unaudited condensed consolidated financial statements of this report.

The initial accounting for the intangible asset arising from the acquisition of the Vax Group, in the following business combination, was determined by reference to the fair value of the CETP of the Vax Group performed by an independent professionally qualified valuer.

The net assets acquired and recognised at the date of acquisition as follows:

	(Unaudited) HK\$'000
Property, plant and equipment	6
Cash balance	1,504
Accruals and other payables	(40)
Short-term loan	(1,533)
	<hr/>
Total identifiable net assets at fair value	(63)
Intangible asset	161,869
	<hr/>
	161,806
	<hr/>
Satisfied by:	
Allotment of new ordinary shares	161,806
	<hr/>
Net cash inflow in respect of acquisition of subsidiaries:	
Cash consideration paid	–
Less: Cash balance acquired	1,504
	<hr/>
	1,504
	<hr/>

The acquisition of Vax Group did not constitute a business. In accordance with HKFRS 3, such acquisition did not give rise to goodwill. Therefore, the Company recognised the intangible asset individually at the date of acquisition. Details of the acquisition were set out in the Company's announcements dated 8 May 2014, 29 May 2014, and 9 June 2014.

19. Capital Commitment

	(Unaudited) HK\$'000
As at 30 June 2014, capital expenditure authorised and contracted to establishment of the Trading Platform	10,070
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MANAGEMENT DISCUSSION AND ANALYSIS

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

BUSINESS REVIEW AND PROSPECT

As expected the sales of environmentally friendly air-conditioners and related products continued shrinking during the second quarter. In order to ensure a sufficient level of the Group's operations, during the first quarter, we were seeking new business and successfully secured trading orders. Revenue from new business in trading of metal products became major revenue of the Group amounted to approximately HK\$155,539,000 and recorded in the second quarter. The metal products are Zinc which is a bluish-white metal, used to make brass and to cover and protect objects made of iron. Even the trading gross profit was very low, the risk of carrying out such business was very low and resources input was not much in comparison with other business. However, we had decided to stop such business and retain all our resources for the new developed business in carbon emission trading and its related business.

In past years, the Group had been actively seeking new investment opportunities in environmental business. On 9 June 2014, the Group successfully completed an acquisition of the entire equity interest in Vax Limited. Vax Limited owns a copyright of the Carbon Emission Trading Platform (the "CETP"). The CETP is an integrated electronic trading system dedicated for various carbon emission rights and carbon derivatives transactions. The CETP is similar to securities trading system including membership management, capital assets management, transaction prices showing, orders placement and clearance. The CETP provides a communication channel for the carbon rights registration institutions and banks, offering management and tracking the entire life cycle from entering the carbon credits into the system to trading and to written off when the credits become mature.

In past a decade, the impact of greenhouse effect on global warming has getting serious. Greenhouse gas is a gas, especially Carbon Dioxide or Methane, thought to trap the heat above the earth and cause the greenhouse effect. Reducing carbon emission in an attempt to save the earth has become a global issue and social responsibility. Apart from taking this responsibility, we believe this new market, carbon emission trading market, is a big potential market to encourage individual and enterprises to reduce carbon dioxide emission and also to provide new investment opportunities for potential investors. We have tentatively scheduled to launch the operation of the CETP in Hong Kong.

On 19 June 2014, the Company has entered into a cooperation agreement with China Forestry Exchange Limited in relation to carbon sequestration projects in China. During the period from 27 June 2014 to 28 June 2014, an activity called “National Carbon Reduction to Save the Earth” has been launched in the Communic Macau Expo 2014 to promote the CETP. Also, the Company has entered into the business of validation and verification for CDM related projects and forestry-based carbon sequestration projects. All these certified CER units or CCER units will be traded on the CETP and new source of revenues will be expected.

With launching new business in carbon emission trading, however, come challenges. To meet these challenges, it is vital that we strengthen our hardware and software infrastructure. Notwithstanding the 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.

FINANCIAL REVIEW

Results

For the six months ended 30 June 2014, the Group’s unaudited consolidated revenue and loss attributable to owners of the Company were approximately HK\$155,649,000 (30 June 2013: HK\$1,027,000) and HK\$9,190,000 (30 June 2013: HK\$4,517,000) respectively which were increased approximately by 15,056% and 103% respectively comparing with the corresponding period last year. The significant increase in the revenue was mainly attributable to the revenue of new business in trading of metal products during the second quarter. The significant increase in the loss attributable to owners of the Company was mainly due to the increase in administrative expenses including operating lease payment, professional fees and research cost for new projects, and the increase in selling and distribution expenses including marketing and promotion for the CETP.

The gross profit margin of sales of air-conditioners and trading of metal products were approximately 13.7% (30 June 2013: approximately 27.8%) and approximately 0.09% (30 June 2013: Nil) respectively.

Liquidity and financial resources

As at 30 June 2014, the Group had assets of approximately HK\$312,519,000 (31 December 2013: approximately HK\$75,994,000), including net cash and bank balances of approximately HK\$102,669,000 (31 December 2013: approximately HK\$43,179,000). There was no charge on the Group’s assets as at 30 June 2014 (31 December 2013: Nil).

During the period under review, the Group financed its operations partially with internally generated cash flow and partially with the net proceeds from the Open Offer (as defined below) and the Placing (as defined below). After the Placing completed on 7 February 2014, the financial resources of the Company has further been strengthened. It is anticipated that the Group should have adequate resources to meet the requirement of its business activities and development.

Placing

On 24 January 2014, the Company and the placing agent entered into a placing agreement pursuant to which the Company agreed to place, through the placing agent, on a best efforts basis, a maximum of 250,960,000 new ordinary shares of the Company (the "Placing Shares") to independent third parties at a price of HK\$0.39 per Placing Share (the "Placing"). The general mandate in respect of the issuance of the Placing Shares was approved by a resolution of the shareholders of the Company at the annual general meeting on 9 May 2013 and the Placing was completed on 7 February 2014. The net proceeds from the Placing was approximately HK\$95,300,000 which was intended to be used (i) as to approximately HK\$80,000,000 for future investment of the Group in environmental friendly business, in particular the energy saving and emission reduction business; and (ii) as to the remaining balance of approximately HK\$15,300,000 for general working capital of the Group. As at the date of this report, the entire amount of proceeds has been allocated as follows: (i) the entire amount of proceed is currently kept in an interest bearing bank account pending for usage; and (ii) approximately HK\$2,844,000 for the Group's general working capital and the balance is currently kept in an interest bearing bank account pending for usage.

Open Offer

On 11 November 2013, the Company and the underwriter entered an underwriting agreement pursuant to which the Company offered a total of 627,400,000 new ordinary shares of the Company at a subscription price of HK\$0.07 per offer share to the shareholders of the Company on the basis of one offer share for every two shares held on the record date, 5 December 2013, (the "Open Offer"). The Open Offer was completed on 31 December 2013. The net proceeds from the Open Offer was approximately HK\$41,957,000 which was intended to be used (i) as to approximately HK\$11,480,000 for repayment of the Shareholder Loan (as defined below); (ii) as to approximately HK\$18,000,000 for future investment of the Group in related business, in particular the energy saving and environmentally friendly business; and (iii) the remaining of approximately HK\$12,480,000 for the Group's general working capital. As at the date of this report, the entire amount of proceeds has been allocated as follows: (i) approximately HK\$11,480,000 for repayment of the Shareholder Loan (as defined below); (ii) approximately HK\$16,407,000 for investment of the Group in related business and the balance is currently kept in an interest bearing bank account pending for usage; and (iii) approximately HK\$9,193,000 for the Group's general working capital and the balance is currently kept in an interest bearing bank account pending for usage.

Capital structure

During the six months ended 30 June 2014, an aggregate of 676,766,000 new ordinary shares were issued by the Company, of which 250,960,000 new ordinary shares were issued pursuant to the Placing and 425,806,000 new ordinary shares were issued as consideration shares pursuant to the sale and purchase agreement entered into in connection with the Acquisition (as defined below) on 8 May 2014.

Gearing

As at 30 June 2014, the Group had repaid the loan due to Sound Treasure Holdings Limited which is unsecured, interest-free and repayable on demand (the "Shareholder Loan") (31 December 2013: HK\$11,480,000). The gearing ratio of the Group, defined as the ratio between net debt and total equity attributable to owners of the Company, was nil for the six months ended 30 June 2014 (31 December 2013: Nil).

Significant investments

On 19 June 2014, the Company and China Forestry Exchange Limited ("China Forestry Exchange") entered into a cooperation agreement (the "Cooperation Agreement"), pursuant to which the Company agreed to invest RMB2,000,000 and RMB8,000,000 to establish an International Carbon Sequestration Research and Development Center (the "R&D Center") and a China International Carbon Sequestration Trading Platform (the "Trading Platform") respectively. As at 30 June 2014, the Company has paid RMB2,000,000 (approximately HK\$2,500,000) for the R&D Center.

Save as disclosed above, there was no significant investments held by the Group.

Material acquisitions or disposals of subsidiaries and affiliated companies

On 8 May 2014, Wonderful Dream Limited, a direct wholly-owned subsidiary of the Company, entered into a sale and purchase agreement to acquire from Young Mountain Limited (a company wholly-owned by Mr. Chiu Piao) and Target Garden Limited (a company wholly-owned by Ms. Liu Qingqin) for the 100% of the equity interest in Vax Limited, which holds the entire equity interest in Hong Kong Carbon Emission Trading Limited for an aggregate consideration of approximately HK\$198,000,000 (the "Acquisition"). The completion of the Acquisition was took place on 9 June 2014. Accordingly, Vax Limited and Hong Kong Carbon Emission Trading Limited became indirect wholly-owned subsidiaries of the Company. Details of the Acquisition could be referred to the Company's announcements dated 8 May 2014, 29 May 2014 and 9 June 2014.

Save as disclosed above, the Company did not have any material acquisitions or disposal of subsidiaries and affiliated companies during the period under review.

Contingent liabilities

As at 30 June 2014, the Group had no material contingent liabilities.

Foreign exchange exposure

The Group's income and expenditure during the six months ended 30 June 2014 were principally denominated either in Hong Kong dollars ("HK\$") or Renminbi ("RMB"), and most of the assets and liabilities as at 30 June 2014 were denominated either in HK\$ or RMB. The Group did not experience any material impact or difficulties in liquidity on its operations resulting from the fluctuation in exchange rate, and no hedging transaction or forward contract arrangement was made by the Group during the period under review.

Treasury policies

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce its exposure to credit risk by performing ongoing credit evaluations of the financial conditions of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

Segment information

Details of the Group's segment information are set out in note 5 to the unaudited condensed consolidated financial statements of this report.

Future plans for material investments

Upon the completion of the Acquisition, the CETP has been tentatively scheduled to be launched in Hong Kong. The Group plans to further invest in the CETP to ensure its capacity sufficiently for future expansion. In addition, upon the entering into of the Cooperation Agreement with China Forestry Exchange, further the Group is looking for ways for more investment opportunities in relation to carbon emission business in China for the long-term sustainability of its business and ultimately generate material return for the shareholders of the Company in the long run.

Employees and remuneration policies

As at 30 June 2014, the Group had 101 (31 December 2013: 80) full-time employees, in Hong Kong and the PRC. Total staff costs (including Directors' remuneration) were approximately HK\$2,841,000 for the six months ended 30 June 2014 (30 June 2013: approximately HK\$2,401,000). Remuneration is determined with reference to market terms, employment conditions, responsibilities and the performance, qualification and experience of the individual employee. Other benefits include corporate liabilities insurance for the Directors and Officers, contributions to statutory mandatory provident fund scheme to its employees in Hong Kong and social insurance to its employees in the PRC, and are paid at appropriate levels.

DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2014 (30 June 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 six months ended 30 June 2014.

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

As at 30 June 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. No options have been granted under the Share Option Scheme since its adoption.

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). Number and the exercise price of the Warrant were finally adjusted to 150,000,000 Warrants and HK\$1.00 per share respectively due to the Open Offer.

The Warrants should be exercised within a period of 24 months commencing from the date of issue. No Warrants were exercised by any registered holders during the period from 10 May 2012 to 9 May 2014. The Warrants had lapsed on 10 May 2014.

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

As at 30 June 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
Young Mountain Limited	398,128,610 (Note 1)	Beneficial owner	15.56%
Mr. Chiu Piao	398,128,610 (Note 1)	Interest in controlled corporation	15.56%
Mr. Li Yu	133,600,000	Beneficial owner	5.22%

Note 1: The shares of the Company are held by Young Mountain Limited, a company incorporated in the British Virgin Islands with limited liability and wholly owned by Mr. Chiu Piao.

Save as disclosed above, as at 30 June 2014, 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

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 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.

CONNECTED TRANSACTION

Pursuant to the sale and purchase agreement in connection with the Acquisition, on 6 June 2014, Vax Limited and Mr. Chiu Piao entered into a consultancy agreement (the "Consultancy Agreement") in relation to the provision of services in relation to, among others, the operation of CETP and relevant personnel training by Mr. Chiu for a term of two years. Upon the completion of the Acquisition, Young Mountain Limited (a company wholly-owned by Mr. Chiu) would become a substantial shareholder holding approximately 15.56% of the issued share capital of the Company. Thus, Mr. Chiu was deemed to be a connected person to the Company under the GEM Listing Rules. The entering into of the Consultancy Agreement and the transactions contemplated thereunder would constitute continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules. Pursuant to the Consultancy Agreement, the total service fee under the Consultancy Agreement was HK\$1.00 for the entire term. Thus, the entering into of the Consultancy Agreement and the transactions contemplated thereunder were de minimis transaction under Rule 20.31(2) of the GEM Listing Rules and were exempted from all the reporting, announcement and independent shareholders' approval requirements.

The related party transactions are set out in note 15 to the unaudited condensed consolidated financial statements of this report. All the related party transactions did not constitute connected transactions or continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules which are required to comply with any of the reporting, announcement or independent shareholders' approval requirements under the GEM Listing Rules.

Save as disclosed above, 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 six months ended or at any time during the six months ended 30 June 2014.

CORPORATE GOVERNANCE PRACTICES

The Company has complied with all the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 15 of the GEM Listing Rules for the six months ended 30 June 2014 except 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. Mr. Zhang Shi Min has resigned as the deputy chairman of the Board with effect from 10 May 2014. The position of the chairman of the Board is still vacant as at the date of this report. The Board will appoint a chairman to fill the vacancy if necessary.

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 and interim financial statements for the three months ended 31 March 2014 and for the six months ended 30 June 2014 respectively.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the 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 June 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

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, 8 August 2014