



Global Energy Resources International Group Limited

(continued in Bermuda with limited liability)

Stock Code: 8192

2015

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 (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 2015, together with the comparative unaudited figures for the corresponding period in 2014 as follows:

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

		Three months ended	
		31 March	
		2015	2014
		(Unaudited)	(Unaudited)
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>
Revenue	3	18,400	22
Cost of sales		(17,643)	(19)
		<hr/>	<hr/>
Gross profit		757	3
Other revenue	3	213	32
Other gain	4	–	18
Selling and distribution expenses		(93)	–
Administrative expenses		(32,906)	(3,801)
		<hr/>	<hr/>
Loss from operations		(32,029)	(3,748)
Finance costs		–	(1)
		<hr/>	<hr/>
Loss before taxation	5	(32,029)	(3,749)
Taxation	6	–	–
		<hr/>	<hr/>
Loss for the period		(32,029)	(3,749)
		<hr/>	<hr/>

	Three months ended	
	31 March	
	2015	2014
	(Unaudited)	(Unaudited)
<i>Notes</i>	HK\$'000	HK\$'000
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	<u>123</u>	<u>(70)</u>
Other comprehensive income/(loss) for the period, net of income tax	<u>123</u>	<u>(70)</u>
Total comprehensive loss for the period	<u>(31,906)</u>	<u>(3,819)</u>
Loss for the period attributable to		
Owners of the Company	(31,148)	(3,509)
Non-controlling interests	(881)	(240)
	<u>(32,029)</u>	<u>(3,749)</u>
Total comprehensive loss for the period attributable to		
Owners of the Company	(31,056)	(3,485)
Non-controlling interests	(850)	(334)
	<u>(31,906)</u>	<u>(3,819)</u>
Loss per share		
– Basic and diluted (HK cents)	<u>(1.22)</u>	<u>(0.17)</u>

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 environmental friendly air-conditioners and related products (sales of air-conditioners), trading of metal products, and the operations of Carbon Emission Trading Platform and related services.

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 2015 are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2014 ("the 2014 Financial Statements"), except for the amendments and interpretations of HKFRSs issued by HKICPA which have become effective in this period as detailed in the notes of the 2014 Financial Statements. The adoption of the New HKFRSs has no material impact on the accounting policies in the Group's condensed consolidated financial statements for the period.

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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, trading of metal products, and income from Carbon Emission Trading Platform and related services. Revenue and other revenue recognised during the period are as follows:

	3 months ended 31 March	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Revenue		
Sales of air-conditioners	2,155	22
Trading of metal products	16,175	–
Income from Carbon Emission Trading Platform and related services	70	–
	18,400	22
Other revenue		
Interest income	9	30
Sundry income	204	2
	213	32

4. Other Gain

	3 months ended 31 March	
	2015	2014
	(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	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Directors' remuneration	908	342
Other staff costs	3,473	626
Equity settled share-based payments	22,335	–
Depreciation of owned assets	846	156
Operating lease rental in respect of land and building	2,476	1,601

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 2015 and 2014.

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 2015 and 2014.

7. Loss Per Share

The calculation of basic and diluted loss per share for the three months ended 31 March 2015 is based on the unaudited loss attributable to the shareholders of the Company for the three months ended 31 March 2015 of approximately HK\$31,148,000 (31 March 2014: HK\$3,509,000) and the weighted average number of 2,558,966,000 (31 March 2014: 2,061,004,588) ordinary shares in issue during the period.

The computation of diluted loss per share did not assume the exercise of the Company's outstanding no-listed warrants for the three months ended 31 March 2014 and outstanding options for the three months ended 31 March 2015 as their exercise would reduce the loss per share.

8. Dividend

The Board does not recommend the payment of dividend for the three months ended 31 March 2015 (three months ended 31 March 2014: Nil).

9. Reserves

Movements in reserves during the periods are as follows:

	Attributable to owners of the Company											
	Share capital	Capital reserve	Share premium	Special reserve	Warrant reserve	Statutory reserve	Exchange reserve	Share-based payment 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	HK\$'000
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
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	-	-	-	-	-	-	24	-	-	24	(94)	(70)
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	24	-	(3,509)	(3,485)	(334)	(3,819)
Balance at 31 March 2014 (Unaudited)	10,666	1,030	202,648	11	4,752	324	1,855	-	(94,443)	126,843	11,733	138,576
Balance at 1 January 2015 (Audited)	12,795	1,030	361,795	11	-	324	1,862	-	(109,112)	268,705	10,600	279,305
Recognition of equity-settled share-based payments	-	-	-	-	-	-	-	22,335	-	22,335	-	22,335
Transaction with owners	-	-	-	-	-	-	-	22,335	-	22,335	-	22,335
Loss for the period	-	-	-	-	-	-	-	-	(31,148)	(31,148)	(881)	(32,029)
Other comprehensive income, net of income tax:												
Exchange differences on translating of foreign operations	-	-	-	-	-	-	92	-	-	92	31	123
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	92	-	(31,148)	(31,056)	(850)	(31,906)
Balance at 31 March 2015 (Unaudited)	12,795	1,030	361,795	11	-	324	1,954	22,335	(140,260)	259,984	9,750	269,734

10. Share Capital

	Number of shares '000	Share capital HK\$'000
<i>Authorised:</i>		
Ordinary shares of HK\$0.005 each at 1 January 2015 and 31 March 2015	4,000,000	20,000
	<hr/>	<hr/>
<i>Issued and fully paid:</i>		
Ordinary shares of HK\$0.005 each at 1 January 2015 and 31 March 2015	2,558,966	12,795
	<hr/>	<hr/>

11. 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 environmental friendly air-conditioners and related products; trading of metal products; and the operations of Carbon Emission Trading Platform (“CETP”) and related services.

BUSINESS REVIEW AND PROSPECT

Sales of Air-conditioners

During the period under review, the Group recorded HK\$2,155,000 of revenue from the sales of environmental friendly air-conditioners and related products, representing an increase of approximately 9,695.45% compared with the last corresponding period of approximately HK\$22,000. As mentioned in the Annual Report 2014 of the Company dated 19 March 2015, we expected the sales of air-conditioners will be shrinking due to fierce competition in the market, so we intend to launch a new business model in May 2015, rental business of energy-saving air-conditioners, to generate a stable income stream.

Trading of Metal Products

During the period under review, revenue from trading of metal products was major revenue of the Group amounted to approximately HK\$16,175,000, this trading business was not commenced during the last corresponding period. However, the Group does not intend to focus on business in trading of metal products, we target to retain our resources for the new developed business in carbon emission trading and its related business, and the new rental business of energy-saving air-conditioners.

The Carbon Emission Trading Platform and Related Business

During the period under review, revenue from the operations of CETP amounted to approximately HK\$70,000, this business was not commenced during the last corresponding period. The operation of the CETP has been launched in October 2014. Currently, as the carbon emission trading are not well known, the trading volume through the platform was still very low. As disclosed in the announcement dated 22 December 2014, the Company did not meet the profit forecast in the short term for its CETP business. The major causes of the discrepancies were: (i) the system and technology of the CETP was still subject to improvement and refinement; and (ii) the progress of recruitment in the PRC and Hong Kong of Carbon Emission Experts and related Technology Officers of the CETP was below expectation. The Board expected that the operations of the CETP business will function at its full capacity by the end of March 2016. Notwithstanding to the aforesaid, subsequent to the launch of the platform, the Group has received some positive feedbacks from its registered members.

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. The Group will actively identify potential investment opportunities for the further development of the Group and for the benefit of our shareholders as a whole.

FINANCIAL REVIEW

For the three months ended 31 March 2015, the Group's unaudited consolidated revenue and loss attributable to the owners of the Company were approximately HK\$18,400,000 (2014: HK\$22,000) and HK\$31,148,000 (2014: HK\$3,509,000) respectively which increased by approximately 83,536.36% and 787.66% respectively comparing with the corresponding period last year.

For the three months ended 31 March 2015, the administrative expenses amounted to approximately HK\$32,906,000 (2014: HK\$3,801,000) representing an increase of approximately 765.72% comparing with the corresponding period last year. The increase is mainly attributable to the recognition of equity settled share-based payment of approximately HK\$22,335,000; and increase in staff cost and operating lease payment.

DIVIDEND

The Board does not recommend the payment of dividend for the three months ended 31 March 2015 (2014: Nil).

MAJOR EVENTS DURING THE PERIOD

On 29 December 2014, Shenzhen Shun Tian Yun Environmental Technology Limited (“**Shun Tian Yun**”), an indirect non-wholly owned subsidiary of the Company, entered into (i) an exclusivity agreement with Shenzhen Li Bing Air-conditioners Limited (“**Li Bing**”) whereby Shun Tian Yun is conditionally granted an exclusivity right in respect of energy-saving air-conditioners manufactured by Li Bing; and (ii) a purchase agreement whereby Shun Tian Yun conditionally agrees to purchase from Li Bing energy-saving air-conditioners up to an annual cap of RMB150,000,000 (equivalent to approximately HK\$188,775,000) for the year ending 31 December 2015. The entering into of the agreements constitute major transaction of the Group and a circular was dispatched to the shareholders of the Company on 24 April 2015. Details could be referred to the Company’s announcements dated 29 December 2014, 18 March 2015, 17 April 2015 and 22 April 2015; and the Company’s circular dated 24 April 2015.

On 8 January 2015, 125,480,000 of share options were granted to certain eligible participants under the share option scheme adopted by the Company on 9 May 2012. Details please refer to the announcement of the Company dated 8 January 2015.

On 5 February 2015, the Company entered an underwriting agreement with Kingston Securities Limited in connection with the open offer (as defined below). The Company proposed to issue a total of 1,279,483,000 new ordinary shares of nominal value of HK\$6,397,415 in the capital of the Company at a subscription price of HK\$0.1 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, 3 March 2015, (the “**Open Offer**”). The net proceeds raised from the Open Offer was approximately HK\$123,780,000 which was intended to be used (i) as to approximately HK\$20 million for general working capital of the Group; and (ii) as to the remaining balance of approximately HK\$103.78 million for the purpose of expanding the environmental friendly air-conditioner business of the Group. The Open Offer was completed on 24 April 2015, details please refer to the announcements of the Company dated 5 February 2015 and 23 April 2015; and the prospectus of the Company dated 27 March 2015.

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 2015.

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

As at 31 March 2015, 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 of Directors	Number of underlying shares held under share options	Percentage of the issued share capital of the Company
Chan Kwok Wing	25,000,000	0.98%
Chen Hong Bo	10,000,000	0.39%
Ge Yan Hong	10,000,000	0.39%
Lu Zhi Qiang	25,000,000	0.98%

Save as disclosed herein, neither the directors nor any of their associates had any interests or short positions in shares, underlying shares and debentures of the Company or any of its associated corporations as at 31 March 2015 as defined in Section 352 of the SFO.

In addition, 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).

Save as disclosed 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.

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.

The following table discloses movements in the Company’s share options during the period ended 31 March 2015:

Category of participants	Date of share option granted	Outstanding at beginning of the period	Granted during the period	Outstanding at end of the period	Exercise price HK\$	Exercise period
Directors	8 January 2015	-	70,000,000	70,000,000	0.25	8 January 2015 – 9 May 2022
Employees	8 January 2015	-	55,480,000	55,480,000	0.25	8 January 2015 – 9 May 2022
		-	125,480,000	125,480,000		

There were 125,480,000 options outstanding as at 31 March 2015 which represented approximately 4.90% of the total number of issued shares of the Company as at that date. The Company recognised approximately HK\$22,335,000 of equity settled share-based payment for the share options granted during the period.

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

As at 31 March 2015, 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 shareholders	Number of shares interested	Capacity in which shares are held	Approximate percentage of issued share capital
Young Mountain Limited (Note)	398,128,610	Beneficial owner	15.56%
Mr. Chiu Piao (Note)	398,128,610	Interest in controlled corporation	15.56%
Ms. Sun Fengna	270,016,000	Beneficial owner	10.55%

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

Save as disclosed above, as at 31 March 2015, 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.

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 2015, 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 is vacant. 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. Yeung Chun Wai, Anthony and Mr. Wei Zhi Hong 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 2015.

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 2015.

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. Lu Zhi Qiang
Mr. Zhao Liang

Independent non-executive Directors:

Mr. Leung Wah
Mr. Yeung Chun Wai, Anthony
Mr. Wei Zhi Hong

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

Hong Kong, 14 May 2015