



Global Energy Resources International Group Limited

(continued in Bermuda with limited liability)

Stock Code: 8192

2015

INTERIM 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 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 2015 respectively, together with the comparative figures for the corresponding periods in 2014 as follows:

Unaudited Condensed Consolidated Income Statement

	Note	Three months ended 30 June		Six months ended 30 June	
		2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Revenue	3	125,190	155,627	143,590	155,649
Cost of sales		(121,790)	(155,475)	(139,433)	(155,494)
Gross profit		3,400	152	4,157	155
Other revenue	3	11	74	20	106
Other gains and losses	4	168	42	372	60
Selling and distribution expenses		(546)	(336)	(639)	(336)
Administrative expenses		(9,604)	(5,716)	(42,510)	(9,517)
Loss from operations		(6,571)	(5,784)	(38,600)	(9,532)
Finance costs		(143)	(13)	(143)	(14)
Loss before taxation	6	(6,714)	(5,797)	(38,743)	(9,546)
Income tax expenses	7	-	(8)	-	(8)
Loss for the period		(6,714)	(5,805)	(38,743)	(9,554)
Loss for the period attributable to					
Owners of the Company		(5,026)	(5,681)	(36,174)	(9,190)
Non-controlling interests		(1,688)	(124)	(2,569)	(364)
		(6,714)	(5,805)	(38,743)	(9,554)
Loss per share	8				
– Basic and diluted (HK cents)		(0.140)	(0.222)	(1.107)	(0.374)
			(restated)		(restated)

Unaudited Condensed Consolidated Statement of Comprehensive Income

	Three months ended		Six months ended	
	30 June		30 June	
	2015	2014	2015	2014
<i>Note</i>	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss for the period	(6,714)	(5,805)	(38,743)	(9,554)
Other comprehensive (loss)/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	(250)	12	(127)	(58)
Total comprehensive loss for the period	(6,964)	(5,793)	(38,870)	(9,612)
Total comprehensive loss for the period attributable to				
Owners of the Company	(5,277)	(5,673)	(36,333)	(9,158)
Non-controlling interests	(1,687)	(120)	(2,537)	(454)
	(6,964)	(5,793)	(38,870)	(9,612)

Condensed Consolidated Statement of Financial Position

		(Unaudited)	(Audited)
		As at	As at
		30 June	31 December
		2015	2014
	<i>Note</i>	HK\$'000	<i>HK\$'000</i>
Assets and liabilities			
Non-current assets			
Property, plant and equipment		24,298	13,838
Intangible asset	10	161,869	161,869
Other assets		633	630
		<hr/> 186,800	<hr/> 176,337
Current assets			
Inventories		27,409	9,758
Trade receivables	11	64,493	20,420
Other receivables, deposits and prepayments	12	58,637	39,408
Financial assets at fair value through profit or loss	13	7,608	–
Cash and cash equivalents		55,920	49,588
		<hr/> 214,067	<hr/> 119,174
Current liabilities			
Trade payables	14	5,386	2,602
Accruals and other payables	15	7,112	8,724
Amounts due to related parties	16	3,582	4,880
		<hr/> 16,080	<hr/> 16,206
Net current assets		<hr/> 197,987	<hr/> 102,968
Total assets less current liabilities		<hr/> 384,787	<hr/> 279,305
Net assets		<hr/> 384,787	<hr/> 279,305
Equity			
Share capital	17	19,192	12,795
Reserves		357,532	255,910
Total equity attributable to owners of the Company		<hr/> 376,724	<hr/> 268,705
Non-controlling interests		8,063	10,600
Total equity		<hr/> 384,787	<hr/> 279,305

Unaudited Condensed Consolidated Statement of Changes in Equity

	Attributable to owners of the Company											
	Share capital	Capital reserve	Share premium	Special reserve	Share-based payment reserve	Warrants 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	HK\$'000
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	-	-	-	-	-	(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	(95,072)	282,446	11,613	294,059
At 1 January 2015 (Audited)	12,795	1,030	361,795	11	-	-	324	1,862	(109,112)	268,705	10,600	279,305
Open offer of ordinary shares	6,397	-	121,551	-	-	-	-	-	-	127,948	-	127,948
Transaction costs attributable to open offer of ordinary shares	-	-	(4,151)	-	-	-	-	-	-	(4,151)	-	(4,151)
Recognition of equity-settled share-based payments	-	-	-	-	22,335	-	-	-	-	22,335	-	22,335
Cancellation of share options	-	-	-	-	(1,780)	-	-	-	-	(1,780)	-	(1,780)
Transaction with owners	6,397	-	117,400	-	20,555	-	-	-	-	144,352	-	144,352
Net loss for the period	-	-	-	-	-	-	-	-	(36,174)	(36,174)	(2,569)	(38,743)
Other comprehensive income, net of income tax:												
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	(159)	-	(159)	32	(127)
Total comprehensive loss for the period	-	-	-	-	-	-	-	(159)	(36,174)	(36,333)	(2,537)	(38,870)
At 30 June 2015 (Unaudited)	19,192	1,030	479,195	11	20,555	-	324	1,703	(145,286)	376,724	8,063	384,787

Unaudited Condensed Consolidated Statement of Cash Flows

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Net cash outflow from operating activities	(103,617)	(12,787)
Net cash outflow from investing activities	(12,158)	(9,894)
Net cash inflow from financing activities	122,301	82,215
	<hr/>	<hr/>
Net increase in cash and cash equivalents	6,526	59,534
Cash and cash equivalents at the beginning of the period	49,588	43,179
Effect of foreign exchange rate changes	(194)	(44)
	<hr/>	<hr/>
Cash and cash equivalents at the end of the period	55,920	102,669
	<hr/>	<hr/>
Analysis of balances of cash and cash equivalents		
Cash and bank balances	55,920	102,669
	<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 (i) manufacturing and sales of environmental friendly air-conditioners and related products, (ii) rental of energy-saving air-conditioners, (iii) trading business and (iv) the operations of carbon emission trading platform and related services.

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 Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules.

The accounting policies, recognition and measurement principles used in the preparation of the Interim Financial Statements are consistent with those used in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2014.

The Interim Financial Statements have been prepared under the historical cost basis, except for certain financial instruments, which are measured at fair values, as appropriate. The Directors consider that the carrying amounts of financial assets and financial liabilities measured at cost or amortised cost in these unaudited condensed consolidated financial statements approximate their fair values.

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 2015. 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 manufacturing and sales of environmental friendly air-conditioners and related products, rental of energy-saving air-conditioners, trading business and the operations of carbon emission trading platform ("CETP") and related services. Revenue and other revenue recognised during the period are as follows:

	(Unaudited)		(Unaudited)	
	Three months ended 30 June		Six months ended 30 June	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue				
Sales of air-conditioners	4	88	2,159	110
Rental of air-conditioners	45	–	45	–
Trading business	125,103	155,539	141,278	155,539
Operations of the CETP and related services	38	–	108	–
	<u>125,190</u>	<u>155,627</u>	<u>143,590</u>	<u>155,649</u>
Other revenue				
Interest income	11	72	20	102
Sundry income	–	2	–	4
	<u>11</u>	<u>74</u>	<u>20</u>	<u>106</u>

4. Other Gains and Losses

	(Unaudited)		(Unaudited)	
	Three months ended 30 June		Six months ended 30 June	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Exchange gain, net	1,181	–	1,385	–
Loss on financial assets at fair value through profit or loss	(1,013)	–	(1,013)	–
Impairment loss reversed on inventories	–	42	–	60
	<u>168</u>	<u>42</u>	<u>372</u>	<u>60</u>

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 environmental friendly air-conditioners and related products ("Sales of air-conditioners")
- Rental of energy-saving air-conditioners
- Trading of metal products and computer related products ("Trading business")
- Operations of the CETP and related services

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 2015:

	(Unaudited)				
	Sales of air- conditioners <i>HK\$'000</i>	Rental of air- conditioners <i>HK\$'000</i>	Trading business <i>HK\$'000</i>	Operations of the CETP and related services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	2,159	45	141,278	108	143,590
Segment results	(6,315)	(326)	(496)	(1,890)	(9,027)
Other gains and losses and other revenue					392
Central administrative costs					(29,965)
Finance costs					(143)
Loss before taxation					<u>(38,743)</u>

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For the period ended 30 June 2014:

	(Unaudited)				
	Sales of air- conditioners <i>HK\$'000</i>	Rental of air- conditioners <i>HK\$'000</i>	Trading business <i>HK\$'000</i>	Operations of the CETP and related services <i>HK\$'000</i>	Total <i>HK\$'000</i>
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					<u>(9,546)</u>

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):

	(Unaudited)		(Unaudited)	
	Three months ended 30 June		Six months ended 30 June	
	2015	2014	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Directors' remuneration	800	468	1,708	810
Other staff costs	4,306	1,405	7,779	2,031
Equity-settled share-based payments	(1,780)	–	20,555	–
Depreciation	938	300	1,784	456
Operating lease rental in respect of rental premises	2,505	1,655	4,981	3,256
Legal and professional fee	1,340	393	2,294	910
Research and development costs	–	300	–	300
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

7. Income Tax Expenses

	(Unaudited)		(Unaudited)	
	Three months ended 30 June		Six months ended 30 June	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current tax:				
PRC enterprise income tax	-	(8)	-	(8)
Hong Kong profits tax	-	-	-	-
	<u>-</u>	<u>(8)</u>	<u>-</u>	<u>(8)</u>

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 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 six months ended 30 June 2015 (2014: HK\$8,000).

8. Loss per Share

	(Unaudited)		(Unaudited)	
	Three months ended 30 June		Six months ended 30 June	
	2015	2014	2015	2014
		(restated)	(restated)	
Loss attributable to the owners of the Company (HK\$)	<u>5,026,000</u>	<u>5,681,000</u>	<u>36,174,000</u>	<u>9,190,000</u>
Weighted average number of ordinary shares in issue	<u>3,597,512,509</u>	<u>2,555,864,712</u>	<u>3,268,110,617</u>	<u>2,456,349,341</u>
Basic loss per share (HK cents)	<u>0.140</u>	<u>0.222</u>	<u>1.107</u>	<u>0.374</u>

Basic loss per share is calculated by dividing the loss attributable to the owners of the Company over the weighted average number of ordinary shares in issue during the period under review.

The weighted average number of ordinary shares for the three months and six months ended 30 June 2015 are 3,597,512,509 and 3,268,110,617 ordinary shares (three and six months ended 30 June 2014: 2,555,864,712 (restated) and 2,456,349,341 (restated) ordinary shares) in issue during the period.

The basic and diluted loss per share for the six months ended 30 June 2015 are the same because the effect of the assumed conversion of all dilutive potential ordinary shares outstanding during the period under review was anti-dilutive (30 June 2014: same).

9. Dividend

The Board do not recommend the payment of an interim dividend for the six months ended 30 June 2015 (2014: Nil).

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10. Intangible Asset

The Group's intangible asset is the using right of the CETP, which is dedicated to a variety of carbon emission rights and carbon derivatives electronic trading systems integrated product transactions. The CETP has finite useful lives and will be tested for impairment annually, instead of amortising over its useful life, and whenever there is an indication that may be impaired.

HK\$'000

Cost:

Balance at 31 December 2014 and 30 June 2015	161,869
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Accumulated impairment:

Balance at 31 December 2014 and 30 June 2015	—
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Carrying amounts:

Balance at 30 June 2015	161,869
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Balance at 31 December 2014	161,869
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11. Trade Receivables

	(Unaudited) As at 30 June 2015 HK\$'000	(Audited) As at 31 December 2014 HK\$'000
Trade receivables	64,493	20,420

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 30–180 days (2014: 30–180 days) to its trade customers. The following is an ageing analysis of trade receivables at the end of the reporting period:

	(Unaudited) As at 30 June 2015 HK\$'000	(Audited) As at 31 December 2014 HK\$'000
0–90 days	61,004	19,949
91–180 days	107	11
181–365 days	3,029	107
Over 365 days	353	353
	64,493	20,420

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As at 30 June 2015, trade receivables of HK\$3,382,000 (31 December 2014: HK\$460,000) were past due but not impaired. These related to certain member of diversified customers for whom there was no recent history of default. 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. The ageing of these trade receivables are as follows:

	(Unaudited)	(Audited)
	As at	As at
	30 June	31 December
	2015	2014
	HK\$'000	HK\$'000
181–365 days	3,029	107
Over 365 days	353	353
	3,382	460

12. Other Receivables, Deposits and Prepayments

	(Unaudited)	(Audited)
	As at	As at
	30 June	31 December
	2015	2014
	HK\$'000	HK\$'000
Deposit paid and prepayments to suppliers	42,528	34,725
Prepayment for the research and development centre	2,500	2,500
Other deposits and receivables	8,460	2,106
Value added tax receivables	5,149	77
	58,637	39,408

13. Financial Assets at Fair Value through Profit or Loss

The following table presents the Group's financial assets that are measured at fair value at 30 June 2015 and 31 December 2014 and categorised according to the level of fair value hierarchy defined as follows:

Level 1 – Fair values measured at quoted prices (unadjusted) in active markets.

	(Unaudited)	(Audited)
	As at	As at
	30 June	31 December
	2015	2014
	HK\$'000	HK\$'000
Listed securities		
– Equity securities – Hong Kong (level 1)	7,608	–
Market value of listed securities	7,608	–

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Financial assets at fair value through profit and loss are presented within 'operating activities' in the unaudited condensed consolidated statement of cash flows.

Changes in fair value of financial assets at fair value through profit and loss are recorded in the unaudited condensed consolidated income statement.

The fair value of all equity securities is based on their closing prices at 30 June 2015 in an active market.

14. Trade Payables

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

	(Unaudited)	(Audited)
	As at	As at
	30 June	31 December
	2015	2014
	HK\$'000	HK\$'000
0-90 days	10	1,826
91-180 days	2,866	15
181-365 days	2,290	761
Over 365 days	220	-
	<hr/>	<hr/>
	5,386	2,602
	<hr/>	<hr/>

15. Accruals and Other Payables

	(Unaudited)	(Audited)
	As at	As at
	30 June	31 December
	2015	2014
	HK\$'000	HK\$'000
Accruals	1,487	1,073
Receipt in advances	1,695	185
Other payables	3,930	7,466
	<hr/>	<hr/>
	7,112	8,724
	<hr/>	<hr/>

16. Amounts Due to Related Parties

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

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17. Share Capital

	Number of shares	Amount HK\$'000
<i>Authorised:</i>		
Ordinary shares of HK\$0.005 each at 1 January 2015	4,000,000,000	20,000
Increase during the period	3,000,000,000	15,000
	<hr/>	<hr/>
Ordinary shares of HK\$0.005 each at 30 June 2015	7,000,000,000	35,000
	<hr/>	<hr/>
<i>Issued and fully paid:</i>		
Ordinary shares of HK\$0.005 each at 1 January 2015	2,558,966,000	12,795
Open offer shares (Note)	1,279,483,000	6,397
	<hr/>	<hr/>
Ordinary shares of HK\$0.005 each at 30 June 2015	3,838,449,000	19,192
	<hr/>	<hr/>

Note:

On 5 February 2015, the Company entered into an underwriting agreement with underwriter by issuing 1,279,483,000 offer shares on the basis of one offer share for every two shares at subscription price of HK\$0.1. All conditions set out in the underwriting agreement have been fulfilled on 21 April 2015, and the dealings in the offer shares were commenced on the Stock Exchange on 27 April 2015. For the details, please refer to the Company's announcement dated 23 April 2015.

18. Share Options

Pursuant to an ordinary resolution passed in the annual general meeting held on 9 May 2012, the Company conditionally approved and adopted a share option scheme (the "Share Option Scheme").

On 8 January 2015, the Company granted 125,480,000 share options to the certain Directors and employees of the Company under the Share Option Scheme at the exercise price of HK\$0.25 per share option which were vested immediately and exercisable for the period between 8 January 2015 and 9 May 2022 (both dates inclusive). Each share option gives the holder the right to subscribe for one ordinary share of the Company.

Adjustments had been made to the exercise price and the number of shares of the Company comprised in the outstanding share options which may be allotted and issued upon exercise as a result of the open offer completed during the period under review. As at 30 June 2015, the Company has 131,993,640 options outstanding which represented approximately 3.44% of the total number of issued shares of the Company as at that date.

The fair value of 125,480,000 share options granted under the Share Option Scheme at the measurement date 8 January 2015 of approximately HK\$22,335,000 was determined under the Black-Scholes Option Pricing Model and based on the following assumptions:

Risk-free interest rate	1.532%
Expected life of the share options	7.33 years
Expected volatility	100.91%

The Black-Scholes Option Pricing Model requires input of highly subjective assumptions, including the risk-free interest rate and the expected stock price volatility. Because changes in the subjective input assumptions can materially affect the fair value estimate, the Black-Scholes Option Pricing Model does not necessarily provide a reliable measure of the fair value of the share options.

19. Operating Leases Commitments

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

	(Unaudited) As at 30 June 2015 HK\$'000	(Audited) As at 31 December 2014 HK\$'000
Within one year	8,206	5,958
In the second to fifth year inclusive	18,480	2,707
	<u>26,686</u>	<u>8,665</u>

20. Related Party Transactions

Key management compensation

Key management includes the Directors of the Group. The compensation paid or payable to key management for employee services is shown below:

	(Unaudited)		(Unaudited)	
	Three months ended 30 June		Six months ended 30 June	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Salaries and fees	795	463	1,699	801
Pension costs – defined contribution scheme (Mandatory Provident Fund Scheme)	5	5	9	9
Equity-settled share-based payments	–	–	12,816	–
	<u>800</u>	<u>468</u>	<u>14,524</u>	<u>810</u>

21. Contingent Liabilities

As at 30 June 2015, the Group did not have any significant contingent liabilities (31 December 2014: Nil).

22. Comparative Figures

Certain comparative figures have been re-classified in order to conform with the presentation of current period.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is principally engaged in (i) manufacturing and sales of environmental friendly air-conditioners and related products, (ii) rental of energy-saving air-conditioners, (iii) trading business and (iv) the operations of carbon emission trading platform and related services.

BUSINESS REVIEW AND PROSPECT

Sales of Air-conditioners

For the six months ended 30 June 2015, the Group recorded approximately HK\$2,159,000 of revenue from the sales of environmental friendly air-conditioners and related products, representing an increase of approximately 1,862.7% compared with the last corresponding period of approximately HK\$110,000. Loss of this segment increased by approximately 403.6% from HK\$1,254,000 for the six months ended 30 June 2014 to HK\$6,315,000 for the six months ended 30 June 2015. The Group expected that market competition in the sales of air-conditioners market in the PRC will remain fierce.

Rental of Air-conditioners

The Group commenced the rental business of energy-saving air-conditioners after the approval of independent shareholders of the Company on 13 May 2015. For the six months ended 30 June 2015, the Group recorded approximately HK\$45,000 of revenue from the rental business of energy-saving air-conditioners. The rental business is still at the preliminary stage of development and has not yet contributed any profit to the Group. Loss of this new segment for the six months ended 30 June 2015 was approximately HK\$326,000. The Board believes that the rental business of energy-saving air-conditioners will generate a stable income stream for the Group in the long run.

Trading Business

For the six months ended 30 June 2015, revenue from trading business was major revenue of the Group amounted to approximately HK\$141,278,000, representing a decrease of approximately 9.2% compared with the last corresponding period of approximately HK\$155,539,000. The Group initially engaged in trading of metal products, but its gross profit margin is low due to the keen competition in the market. In view of this, the Group has sourced some computer related products for its trading business during the period under review for a better return. Loss of this segment reduced by approximately 49.5% from HK\$982,000 for the six months ended 30 June 2014 to HK\$496,000 for the six months ended 30 June 2015.

The Carbon Emission Trading Platform and Related Services

For the six months ended 30 June 2015, revenue from the operations of the CETP amounted to approximately HK\$108,000, this business was not commenced during the last corresponding period. The operations of the CETP has been launched in October 2014. 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. Loss of this new segment for the six months ended 30 June 2015 was approximately HK\$1,890,000. Currently, as the carbon emission trading are not well known, the trading volume through the platform was still very low. The Board is resolving the above issues and considering to broaden the revenue base of the CETP. The Group has entered into the business of validation and verification for Clean Development Mechanism (CDM) related projects and forestry-based carbon sequestration projects. All these Certified Emission Reduction (CER) units or China Certified Emission Reduction (CCER) units will be traded on the CETP and new source of revenues will be expected.

The Group is actively looking for new investment and business opportunities for the further development of the Group and for the benefit of our shareholders as a whole.

FINANCIAL REVIEW

Results

For the six months ended 30 June 2015, the Group's unaudited consolidated revenue was approximately HK\$143,590,000 (30 June 2014: HK\$155,649,000) which was decreased approximately by 7.7% comparing with the corresponding period last year. The administrative expenses of the Group for the six months ended 30 June 2015 amounted to approximately HK\$42,510,000 (30 June 2014: HK\$9,517,000) representing an increase of approximately 346.7% comparing with the corresponding period last year. The increase was mainly attributable to the recognition of equity-settled share-based payment of approximately HK\$20,555,000; and the increase in staff cost, legal and professional fee and operating lease payment.

Loss attributable to owners of the Company for the six months ended 30 June 2015 amounted to approximately HK\$36,174,000 (30 June 2014: HK\$9,190,000), representing an increase in loss of approximately 293.6% comparing with the corresponding period last year. Excluding the recognition of equity-settled share-based payment of approximately HK\$20,555,000, a non-cash item, the loss attributable to owners of the Company for the six months ended 30 June 2015 amounted to approximately HK\$15,619,000 (30 June 2014: HK\$9,190,000), representing an increase in loss of approximately 70.0% comparing with the corresponding period last year.

Liquidity and financial resources

As at 30 June 2015, the Group had assets of approximately HK\$400,867,000 (31 December 2014: approximately HK\$295,511,000), including net cash and bank balances of approximately HK\$55,920,000 (31 December 2014: approximately HK\$49,588,000).

As at 30 June 2015, current ratio (defined as total current assets divided by total current liabilities) was approximately 13.31 (31 December 2014: approximately 7.35).

As at 30 June 2015, the Group had approximately HK\$3,582,000 of amounts due to related parties which has unsecured, interest-free and repayable on demand (31 December 2014: approximately HK\$4,880,000). The gearing ratio (defined as the ratio between net debt and total equity attributable to owners of the Company) was nil as at 30 June 2015 (31 December 2014: Nil).

For the six months ended 30 June 2015, the Group financed its operations partially with internally generated cash flow and partially with the net proceeds from the Open Offer (as defined below).

The pledge of Group assets

As at 30 June 2015, the Group did not have any pledged assets (31 December 2014: Nil).

Capital structure

As at 30 June 2015, the Group had shareholders' capital of approximately HK\$19,192,000 (31 December 2014: approximately HK\$12,795,000). The shareholders' capital of the Company is constituted of 3,838,449,000 shares (31 December 2014: 2,558,966,000 shares).

Open Offer

On 5 February 2015, the Company and the underwriter entered an underwriting agreement pursuant to which the Company offered a total of 1,279,483,000 new ordinary shares 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"). All conditions set out in the underwriting agreement have been fulfilled on 21 April 2015 and the dealings in the offer shares were commenced on the Stock Exchange on 27 April 2015. The net proceeds from the Open Offer was approximately HK\$123,780,000 which was intended to be used (i) as to approximately HK\$103,780,000 for the purpose of expanding the environmental friendly air-conditioner business of the Group; and (ii) as to the remaining balance of approximately HK\$20,000,000 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) approximately HK\$54,500,000 for expanding the environmental friendly air-conditioner business of the Group; (ii) approximately HK\$13,360,000 for general working capital of the Group. The balance is currently kept in an interest bearing bank account pending for usage.

Significant investments

As mentioned above, the Group has invested to expand the rental business of energy-saving air-conditioners during the period under review.

Save as disclosed above, the Group had no significant investments during the period.

Material acquisitions or disposals of subsidiaries and affiliated companies

The Group did not have any material acquisitions or disposal of subsidiaries and affiliated companies during the period under review.

Foreign exchange exposure

The Group's income and expenditure during the six months ended 30 June 2015 were principally denominated either in Hong Kong dollars ("HK\$") or Renminbi ("RMB"), and most of the assets and liabilities as at 30 June 2015 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.

Employees and remuneration policies

As at 30 June 2015, the Group had 109 (31 December 2014: 79) full-time employees, in Hong Kong and the PRC. Total staff costs (including Directors' remuneration and equity-settled share-based payment) were approximately HK\$30,042,000 for the six months ended 30 June 2015 (30 June 2014: approximately HK\$2,841,000). 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 Board do not recommend the payment of an interim dividend for the six months ended 30 June 2015 (2014: 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 2015.

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

As at 30 June 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	28,575,000	0.74%
Ge Yan Hong	11,430,000	0.30%
Lu Zhi Qiang	28,575,000	0.74%
Zhao Liang	13,716,000	0.36%

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 30 June 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 six months ended 30 June 2015:

Category of participants	Date of share option granted	Outstanding at beginning of the period	Granted during the period	Adjustment during the period	Cancelled during the period	Outstanding at end of the period	Exercise price HK\$	Exercise period
Directors	8 January 2015	-	82,000,000	11,726,000	(11,430,000)	82,296,000	0.219	8 January 2015-9 May 2022
Employees	8 January 2015	-	43,480,000	6,217,640	-	49,697,640	0.219	8 January 2015-9 May 2022
		<u>-</u>	<u>125,480,000</u>	<u>17,943,640</u>	<u>(11,430,000)</u>	<u>131,993,640</u>		

As at 30 June 2015, the Company has 131,993,640 options outstanding which represented approximately 3.44% of the total number of issued shares of the Company as at that date.

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

As at 30 June 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 <i>(Note)</i>	Capacity in which shares are held	Approximate percentage of issued share capital
Young Mountain Limited	398,128,610	Beneficial owner	10.37%
Mr. Chiu Piao	398,128,610	Interest in controlled corporation	10.37%
Ms. Sun Fengna	270,016,000	Beneficial owner	7.03%

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 30 June 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 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.

CHANGE IN INFORMATION OF DIRECTORS

Mr. Leung Wah has been resigned as an independent non-executive director of TC Orient Lighting Holdings Limited with effect from 5 June 2015, a company listed on the Main Board of the Stock Exchange. Mr. Lu Zhi Qiang has been resigned as non-executive director of China New Energy Power Group Limited with effect from 9 July 2015, a company listed on the Main Board of the Stock Exchange.

Save as disclosed above, there is no other change in information of the directors of the Company to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules.

CONNECTED TRANSACTIONS

On 6 June 2014, Vax Limited, a wholly owned subsidiary of the Company, 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 carbon emission trading platform (the "CETP") and relevant personnel training by Mr. Chiu for a term of two years. Mr. Chiu was 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 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.

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 a major and continuing connected transactions of the Group and it is subject to the reporting, announcement and independent shareholders' approval requirements of the rule 20.65(4) of the GEM Listing Rules. Details could be referred to the Company's circular dated 24 April 2015 and announcements dated 29 December 2014, 17 April 2015 and 13 May 2015.

The related party transactions are set out in note 16 and note 20 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 2015.

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 2015 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 and 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. As at the date of this report, the Audit Committee comprises three members, Mr. Leung Wah (Chairman), Mr. Sun Sizhi and Mr. Wei Zhi Hong, all of them are independent non-executive Directors.

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. The Audit Committee has reviewed the Group's unaudited interim results for the six months ended 30 June 2015.

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 2015.

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

Executive Directors:

Mr. Chan Kwok Wing

Ms. Ge Yan Hong

Mr. Lu Zhi Qiang

Mr. Zhao Liang

Independent non-executive Directors:

Mr. Leung Wah

Mr. Sun Sizhi

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, 12 August 2015