



Global Energy Resources International Group Limited

(continued in Bermuda with limited liability)

Stock Code: 8192

2015

THIRD QUARTERLY REPORT



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

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This report, for which the directors (the “Directors”) of Global Energy Resources International Group Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities (the “GEM Listing Rules”) on GEM of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

RESULTS

The board of directors (the “Board”) of the Company announces the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months and nine months ended 30 September 2015 respectively together with the comparative unaudited figures for the corresponding periods in 2014 as follows:

Unaudited Condensed Consolidated Income Statement

| | Note | Three months ended 30 September | | Nine months ended 30 September | |
|---|------|------------------------------------|-----------------------|-----------------------------------|------------------------|
| | | 2015 HK\$'000 | 2014 HK\$'000 | 2015 HK\$'000 | 2014 HK\$'000 |
| Revenue | 3 | 86,548 | 275 | 230,138 | 155,924 |
| Cost of sales | | <u>(82,686)</u> | <u>(264)</u> | <u>(222,119)</u> | <u>(155,758)</u> |
| Gross profit | | 3,862 | 11 | 8,019 | 166 |
| Other revenue | 3 | 23 | 72 | 43 | 178 |
| Other gains and losses | 4 | (4,716) | 523 | (4,344) | 583 |
| Selling and distribution expenses | | (2,011) | (38) | (2,650) | (374) |
| Administrative expenses | | <u>(12,876)</u> | <u>(6,568)</u> | <u>(55,386)</u> | <u>(16,085)</u> |
| Loss from operations | | (15,718) | (6,000) | (54,318) | (15,532) |
| Finance costs | | <u>-</u> | <u>(1)</u> | <u>(143)</u> | <u>(15)</u> |
| Loss before taxation | 6 | (15,718) | (6,001) | (54,461) | (15,547) |
| Income tax expenses | 7 | <u>-</u> | <u>-</u> | <u>-</u> | <u>(8)</u> |
| Loss for the period | | <u>(15,718)</u> | <u>(6,001)</u> | <u>(54,461)</u> | <u>(15,555)</u> |
| Loss for the period attributable to: | | | | | |
| Owners of the Company | | (13,871) | (5,893) | (50,045) | (15,083) |
| Non-controlling interests | | (1,847) | (108) | (4,416) | (472) |
| | | <u>(15,718)</u> | <u>(6,001)</u> | <u>(54,461)</u> | <u>(15,555)</u> |
| Loss per share | | | | | |
| - Basic and diluted (HK cents) | 8 | (0.361) | (0.201) | (1.446) | (0.580) |
| | | <u>(0.361)</u> | <u>(Restated)</u> | <u>(1.446)</u> | <u>(Restated)</u> |

Unaudited Condensed Consolidated Statement of Comprehensive Income

| | Three months ended | | Nine months ended | |
|--|---------------------------|-----------------------|--------------------------|------------------------|
| | 30 September | | 30 September | |
| | 2015 | 2014 | 2015 | 2014 |
| <i>Note</i> | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Loss for the period | (15,718) | (6,001) | (54,461) | (15,555) |
| Other comprehensive (loss)/income for the period, net of income tax | | | | |
| Items that may be subsequently reclassified to profit or loss: | | | | |
| Exchange differences on translation of foreign operations | <u>(6,703)</u> | <u>36</u> | <u>(6,830)</u> | <u>(22)</u> |
| Total comprehensive loss for the period | <u>(22,421)</u> | <u>(5,965)</u> | <u>(61,291)</u> | <u>(15,577)</u> |
| Total comprehensive loss for the period attributable to: | | | | |
| Owners of the Company | (20,298) | (5,879) | (56,631) | (15,037) |
| Non-controlling interests | <u>(2,123)</u> | <u>(86)</u> | <u>(4,660)</u> | <u>(540)</u> |
| | <u>(22,421)</u> | <u>(5,965)</u> | <u>(61,291)</u> | <u>(15,577)</u> |

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 have been listed on GEM of the Stock Exchange with effect from 29 November 2002.

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. After the period under review, the Group is newly engaged in money lending business.

2. Basis of Preparation

The Group's unaudited condensed consolidated results have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") (the "New HKFRSs"). 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 results for the nine months ended 30 September 2015 and 2014 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 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:

| | Three months ended 30 September | | Nine months ended 30 September | |
|---|------------------------------------|------------------|-----------------------------------|------------------|
| | 2015 HK\$'000 | 2014 HK\$'000 | 2015 HK\$'000 | 2014 HK\$'000 |
| Revenue | | | | |
| Sales of air-conditioners | – | 275 | 2,159 | 385 |
| Rental of air-conditioners | 655 | – | 700 | – |
| Trading business | 85,857 | – | 227,135 | 155,539 |
| Operations of the CETP and related services | 36 | – | 144 | – |
| | 86,548 | 275 | 230,138 | 155,924 |
| Other revenue | | | | |
| Interest income | 22 | 60 | 42 | 162 |
| Sundry income | 1 | 12 | 1 | 16 |
| | 23 | 72 | 43 | 178 |

4. Other Gains and Losses

| | Three months ended 30 September | | Nine months ended 30 September | |
|--|------------------------------------|------------------|-----------------------------------|------------------|
| | 2015 HK\$'000 | 2014 HK\$'000 | 2015 HK\$'000 | 2014 HK\$'000 |
| Exchange gain, net | 91 | – | 1,476 | – |
| Unrealised loss on financial assets at fair value through profit or loss | (4,807) | – | (5,820) | – |
| Reversal of impairment on trade receivables | – | 294 | – | 294 |
| Reversal of impairment on inventories | – | 229 | – | 289 |
| | (4,716) | 523 | (4,344) | 583 |

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 September 2015:

| | 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 | <u>2,159</u> | <u>700</u> | <u>227,135</u> | <u>144</u> | <u>230,138</u> |
| Segment results | <u>(6,602)</u> | <u>(6,080)</u> | <u>611</u> | <u>(3,892)</u> | <u>(15,963)</u> |
| Other gains and losses and other revenue | | | | | 1,519 |
| Unrealised loss on financial assets at fair value through profit or loss | | | | | (5,820) |
| Central administrative costs | | | | | (34,054) |
| Finance costs | | | | | <u>(143)</u> |
| Loss before taxation | | | | | <u><u>(54,461)</u></u> |

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For the period ended 30 September 2014:

| | 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 | 385 | – | 155,539 | – | 155,924 |
| Segment results | (1,531) | – | (2,538) | – | (4,069) |
| Other gains and losses and other revenue | | | | | 761 |
| Central administrative costs | | | | | (12,224) |
| Finance costs | | | | | (15) |
| Loss before taxation | | | | | (15,547) |

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:

| | Three months ended 30 September | | Nine months ended 30 September | |
|---|------------------------------------|-------------------------|-----------------------------------|-------------------------|
| | 2015 <i>HK\$'000</i> | 2014 <i>HK\$'000</i> | 2015 <i>HK\$'000</i> | 2014 <i>HK\$'000</i> |
| Directors' remuneration | 870 | 479 | 2,578 | 1,289 |
| Staff costs | 3,723 | 2,024 | 11,502 | 4,055 |
| Equity-settled share-based payments | – | – | 20,555 | – |
| Depreciation | 1,369 | 491 | 3,153 | 947 |
| Operating lease rental in respect of rental premises | 2,359 | 2,100 | 7,340 | 5,256 |
| Legal and professional fees | 1,762 | 451 | 4,056 | 1,361 |
| Research and development cost | – | – | – | 300 |

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7. Income Tax Expenses

| | Three months ended 30 September | | Nine months ended 30 September | |
|---------------------------|------------------------------------|------------------|-----------------------------------|------------------|
| | 2015 HK\$'000 | 2014 HK\$'000 | 2015 HK\$'000 | 2014 HK\$'000 |
| Current tax | | | | |
| PRC enterprise income tax | - | - | - | 8 |
| Hong Kong profits tax | - | - | - | - |
| | <u>-</u> | <u>-</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 nine months ended 30 September 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 nine months ended 30 September 2015 (2014: HK\$8,000).

8. Loss Per Share

| | Three months ended 30 September | | Nine months ended 30 September | |
|---|------------------------------------|----------------------|-----------------------------------|----------------------|
| | 2015 | 2014 (Restated) | 2015 | 2014 (Restated) |
| Loss attributable to the owners of the Company (HK\$) | <u>13,871,000</u> | <u>5,893,000</u> | <u>50,045,000</u> | <u>15,083,000</u> |
| Weighted average number of ordinary shares in issue | <u>3,838,449,000</u> | <u>2,924,898,138</u> | <u>3,460,312,563</u> | <u>2,602,560,942</u> |
| Basic loss per share (HK cents) | <u>(0.361)</u> | <u>(0.201)</u> | <u>(1.446)</u> | <u>(0.580)</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 nine months ended 30 September 2015 are 3,838,449,000 and 3,460,312,563 ordinary shares (three and nine months ended 30 September 2014: 2,924,898,138 (restated) and 2,602,560,942 (restated) ordinary shares) in issue during the period.

The basic and diluted loss per share for the nine months ended 30 September 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 September 2014: same).

9. Dividend

The Board does not recommend the payment of a dividend for the nine months ended 30 September 2015 (2014: Nil).

10. Unaudited Condensed Consolidated Statement of Changes in Equity

Movements in reserves during the periods are as follows:

| | Attributable to owners of the Company | | | | | | | | | | Non-controlling interests | Total |
|--|---------------------------------------|-----------------|---------------|-----------------|-----------------------------|-----------------|-------------------|------------------|--------------------|----------|---------------------------|----------|
| | Share capital | Capital reserve | Share premium | Special reserve | Share-based payment reserve | Warrant reserve | Statutory reserve | Exchange reserve | Accumulated losses | Subtotal | | |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | 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 | - | - | - | - | - | - | - | - | (15,083) | (15,083) | (472) | (15,555) |
| Other comprehensive income/ (loss), net of income tax Exchange differences on translation of foreign operations | - | - | - | - | - | - | - | 46 | - | 46 | (68) | (22) |
| Total comprehensive income/ (loss) for the period | - | - | - | - | - | - | - | 46 | (15,083) | (15,037) | (540) | (15,577) |
| At 30 September 2014 (Unaudited) | 12,795 | 1,030 | 361,795 | 11 | - | - | 324 | 1,877 | (101,265) | 276,567 | 11,527 | 288,094 |

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| | Attributable to owners of the Company | | | | | | | | | Non-controlling interests | | Total |
|---|---------------------------------------|-----------------------------|---------------------------|-----------------------------|---|-----------------------------|-------------------------------|------------------------------|--------------------------------|---------------------------|----------|----------|
| | Share capital HK\$'000 | Capital reserve HK\$'000 | Share premium HK\$'000 | Special reserve HK\$'000 | Share-based payment reserve HK\$'000 | Warrant reserve HK\$'000 | Statutory reserve HK\$'000 | Exchange reserve HK\$'000 | Accumulated losses HK\$'000 | Subtotal HK\$'000 | HK\$'000 | |
| 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 | - | - | - | - | - | - | - | - | (50,045) | (50,045) | (4,416) | (54,461) |
| Other comprehensive loss, net of income tax: Exchange differences on translation of foreign operations | - | - | - | - | - | - | - | (6,586) | - | (6,586) | (244) | (6,830) |
| Total comprehensive loss for the period | - | - | - | - | - | - | - | (6,586) | (50,045) | (56,631) | (4,660) | (61,291) |
| At 30 September 2015 (Unaudited) | 19,192 | 1,030 | 479,195 | 11 | 20,555 | - | 324 | (4,724) | (159,157) | 356,426 | 5,940 | 362,366 |

11. 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. After the period under review, the Group is newly engaged in money lending business.

BUSINESS REVIEW AND PROSPECT

Sales of Air-conditioners

For the nine months ended 30 September 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 460.8% compared with the last corresponding period of approximately HK\$385,000. Loss of this segment increased by approximately 331.2% from HK\$1,531,000 for the nine months ended 30 September 2014 to HK\$6,602,000 for the nine months ended 30 September 2015. The Group expected that market competition in the sales of air-conditioners market in the PRC will remain fierce. The Group will focus on the re-sales of environmental friendly air-conditioners and will consider to stop its manufacturing of air-conditioners and related research and development activities as its scale is relatively small.

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 nine months ended 30 September 2015, the Group recorded approximately HK\$700,000 of revenue from the rental business of energy-saving air-conditioners. Loss of this new segment for the nine months ended 30 September 2015 was approximately HK\$6,080,000. The Board is considering appropriate cost-saving measures.

Trading Business

For the nine months ended 30 September 2015, revenue from trading business was a major revenue of the Group amounted to approximately HK\$227,135,000, representing an increase of approximately 46.0% compared with the last corresponding period of approximately HK\$155,539,000. The results of this segment improved from a loss of HK\$2,538,000 for the nine months ended 30 September 2014 to a profit of HK\$611,000 for the nine months ended 30 September 2015. The Group's trading business includes trading of metal products and some computer related products, the Group may source other products for its trading business for a better return.

The Carbon Emission Trading Platform (the “CETP”) and Related Services

For the nine months ended 30 September 2015, revenue from the operations of the CETP amounted to approximately HK\$144,000, this business was not commenced during the last corresponding period. The operations of the CETP has been launched in October 2014. Loss of this new segment for the nine months ended 30 September 2015 was approximately HK\$3,892,000. The Group has put some resources to educate the public about carbon emission trading through organising exhibition and training course. Moreover, the Group is in the process of broadening the revenue base of the CETP through entering 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. After the period under review, the Group has entered into the money lending industry, through acquiring a finance company, to broaden the Group’s source of income. Moreover, the Group is considering to commence a security trading business.

FINANCIAL REVIEW

For the nine months ended 30 September 2015, the Group’s unaudited consolidated revenue was approximately HK\$230,138,000 (30 September 2014: HK\$155,924,000) which was increased approximately by 47.6% comparing with the corresponding period last year. The administrative expenses of the Group for the nine months ended 30 September 2015 amounted to approximately HK\$55,386,000 (30 September 2014: HK\$16,085,000) representing an increase of approximately 244.3% comparing with the corresponding period last year. The increase was mainly attributable to the recognition of equity-settled share-based payments of approximately HK\$20,555,000; and the increase in staff cost, legal and professional fee and operating lease payment. For the nine months ended 30 September 2015, the Group recorded approximately HK\$5,820,000 of unrealised loss on financial assets at fair value through profit or loss (30 September 2014: nil) due to the fluctuation of the market.

Loss attributable to owners of the Company for the nine months ended 30 September 2015 amounted to approximately HK\$50,045,000 (30 September 2014: HK\$15,083,000), representing an increase in loss of approximately 231.8% comparing with the corresponding period last year. Excluding the recognition of equity-settled share-based payments of approximately HK\$20,555,000, a non-cash item, the loss attributable to owners of the Company for the nine months ended 30 September 2015 amounted to approximately HK\$29,490,000 (30 September 2014: HK\$15,083,000), representing an increase in loss of approximately 95.5% comparing with the corresponding period last year.

DIVIDEND

The Board does not recommend the payment of a dividend for the nine months ended 30 September 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 was 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 agreed to purchase energy-saving air-conditioners from Li Bing up to an annual cap of RMB150,000,000 (equivalent to approximately HK\$188,775,000) for the year ending 31 December 2015. The transactions contemplated under the agreements constituted a major and continuing connected transactions for the Group. The major transactions contemplated under the agreements were subject to the notification, announcement and shareholders’ approval requirements under Chapter 19 of the GEM Listing Rules. However, the continuing connected transactions contemplated under the agreements were exempted from the circular, independent financial advice and shareholders’ approval requirements under Rule 20.99 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.

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. Please refer to the contents headed “SHARE OPTION SCHEME” for details.

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-conditioners business of the Group and (ii) as to the remaining balance of approximately HK\$20,000,000 for general working capital of the Group.

On 13 May 2015, the authorised share capital of the Company was increased from HK\$20,000,000 to HK\$35,000,000 by the creation of additional 3,000,000,000 shares.

MAJOR EVENTS AFTER THE REPORTING PERIOD

On 12 October 2015, the Company entered a placing agreement with a placing agent in connection with a placing for a total of 767,680,000 new ordinary shares (“Placing Shares”) of nominal value of HK\$3,838,400 in the capital of the Company at a price of HK\$0.053 per placing share to not less than six independent third parties (the “Placing”). The Placing was completed on 29 October 2015, the gross proceeds from the Placing will be approximately HK\$40,690,000. The net proceeds from the Placing will amount to approximately HK\$39,580,000 which is intended to be used for general working capital and future business development of the Group. The net price raised per Placing Share will be approximately HK\$0.0516 per share of the Company.

On 29 October 2015, Force Green Limited, an indirect wholly-owned subsidiary of the Company, had acquired the entire share capital of United Property Finance Limited (the “Target Company”) from third parties independent of the Company and its connected persons (the “Acquisition”). The Target Company had become an indirect wholly-owned subsidiary of the Company. The Acquisition did not constitute any notifiable transaction of the Company under Chapter 19 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. The Board considered that the Acquisition provides a prime opportunity for the Group to enter the money lending industry, which is a new business segment to the Group, to broaden the Group’s source of income.

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 nine months ended 30 September 2015.

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

As at 30 September 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 September 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 nine months ended 30 September 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 September 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 September 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 | 348,128,610 | Beneficial owner | 9.07% |
| Mr. Chiu Piao | 348,128,610 | Interest in controlled corporation | 9.07% |
| Ms. Sun Fengna | 320,016,000 | Beneficial owner | 8.34% |

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 September 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 under 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 with the Group which any such person has or may have with the Group.

CHANGE IN INFORMATION OF DIRECTORS

Mr. Sun Sizhi has been appointed as an executive director and chief executive officer of Mega Expo Holdings Limited with effect from 31 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 29 December 2014, Shun Tian Yun, an indirect non-wholly owned subsidiary of the Company, entered into (i) an exclusivity agreement with 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 energy-saving air-conditioners from Li Bing up to an annual cap of RMB150,000,000 (equivalent to approximately HK\$188,775,000) for the year ending 31 December 2015 (please refer to the contents headed "MAJOR EVENTS DURING THE PERIOD" for details).

Save as disclosed above, no contract 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 nine months ended or at any time during the nine months ended 30 September 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 nine months ended 30 September 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 officer should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer 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 quarterly results for the three months ended and nine months ended 30 September 2015 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 September 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, 10 November 2015