



# Global Energy Resources International Group Limited

(continued in Bermuda with limited liability)  
Stock Code: 8192

# 2016

## 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 of directors of the Company (the "Board") announces the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the three months ended 31 March 2016, together with the comparative unaudited figures for the corresponding period in 2015 as follows:

### Unaudited Condensed Consolidated Income Statement

		<b>Three months ended</b>	
		<b>31 March</b>	
		<b>2016</b>	2015
	<i>Notes</i>	<b>HK\$'000</b>	<i>HK\$'000</i>
<b>Revenue</b>	3	<b>69,157</b>	18,400
Cost of sales		<u><b>(65,508)</b></u>	<u>(17,643)</u>
Gross profit		<b>3,649</b>	757
Other revenue	3	<b>9</b>	213
Other gains and losses	4	<b>(1,676)</b>	–
Selling and distribution expenses		<b>(426)</b>	(93)
Administrative expenses		<u><b>(26,125)</b></u>	<u>(32,906)</u>
<b>Loss from operations</b>		<b>(24,569)</b>	(32,029)
Finance costs		<u><b>(5)</b></u>	<u>–</u>
<b>Loss before taxation</b>	6	<b>(24,574)</b>	(32,029)
Taxation	7	<u><b>(40)</b></u>	<u>–</u>
<b>Loss for the period</b>		<u><b>(24,614)</b></u>	<u>(32,029)</u>
<b>Loss for the period attributable to:</b>			
Owners of the Company		<b>(23,493)</b>	(31,148)
Non-controlling interests		<u><b>(1,121)</b></u>	<u>(881)</u>
		<u><b>(24,614)</b></u>	<u>(32,029)</u>
<b>Loss per share</b>	8		(Restated)
– Basic and diluted (HK cents)		<u><b>(0.51)</b></u>	<u>(1.06)</u>

**Unaudited Condensed Consolidated Statement of Comprehensive Income**

	<b>Three months ended</b>	
	<b>31 March</b>	
<i>Notes</i>	<b>2016</b>	2015
	<b>HK\$'000</b>	<i>HK\$'000</i>
<b>Loss for the period</b>	<b>(24,614)</b>	(32,029)
<b>Other comprehensive income, for the period, net of income tax</b>		
Items that may be subsequently reclassified to profit or loss:		
Exchange differences on translation of foreign operations	<u>288</u>	<u>123</u>
<b>Total comprehensive loss for the period</b>	<b><u>(24,326)</u></b>	<u>(31,906)</u>
<b>Total comprehensive loss for the period attributable to:</b>		
Owners of the Company	<b>(23,207)</b>	(31,056)
Non-controlling interests	<b><u>(1,119)</u></b>	<u>(850)</u>
	<b><u>(24,326)</u></b>	<u>(31,906)</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, (iv) the operations of carbon emission trading platform and related services and (v) money lending business.

### **2. Basis of Preparation**

The Group's unaudited condensed consolidated financial statements 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 financial statements for the three months ended 31 March 2016 are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2015 ("the 2015 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 2015 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.

### 3. Revenue

Revenue, which is also the Group's turnover, represents the aggregate of the amounts received and receivable from third parties in connection with the manufacturing and sales of environmental friendly air-conditioners, rental of energy-saving air-conditioners, trading business, the operations of Carbon Emission Trading Platform ("CETP") and related services and money lending business. Revenue and other revenue recognised during the period are as follows:

	Three months ended 31 March	
	2016 HK\$'000	2015 HK\$'000
<b>Revenue</b>		
Sales of air-conditioners	–	2,155
Rental of air-conditioners	<b>381</b>	–
Trading business	<b>66,852</b>	16,175
Operations of CETP	–	70
Money lending business	<b>1,924</b>	–
	<b>69,157</b>	18,400
<b>Other revenue</b>		
Interest income	<b>7</b>	9
Sundry income	<b>2</b>	204
	<b>9</b>	213

### 4. Other Gains and Losses

	Three months ended 31 March	
	2016 HK\$'000	2015 HK\$'000
Exchange gain, net	<b>10</b>	–
Fair value loss on financial assets at fair value through profit or loss	<b>(1,686)</b>	–
	<b>(1,676)</b>	–

## 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 business
- Operations of the CETP and related services
- Money lending business

### Segment revenues and results

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

#### For the period ended 31 March 2016:

	Sales of air-conditioners HK\$'000	Rental of air-conditioners HK\$'000	Trading business HK\$'000	Operations of CETP HK\$'000	Money lending business HK\$'000	Total HK\$'000
Segment revenue	-	381	66,852	-	1,924	69,157
Segment results	(444)	(3,090)	532	(1,131)	1,411	(2,722)
Other revenue						9
Other gains and losses						10
Fair value loss on financial assets at fair value through profit or loss						(1,686)
Central administrative costs						(20,180)
Finance costs						(5)
Loss before taxation						(24,574)

For the period ended 31 March 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 CETP <i>HK\$'000</i>	Money lending business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	<u>2,155</u>	<u>-</u>	<u>16,175</u>	<u>70</u>	<u>-</u>	18,400
Segment results	<u>(2,559)</u>	<u>-</u>	<u>(1,481)</u>	<u>(1,192)</u>	<u>-</u>	(5,232)
Other revenue						213
Central administrative costs						(27,010)
Finance costs						<u>-</u>
Loss before taxation						<u>(32,029)</u>

## 6. Loss before Taxation

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

	<b>Three months ended 31 March</b>	
	<b>2016</b>	2015
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Directors' remuneration	<b>785</b>	908
Staff costs	<b>3,846</b>	3,473
Equity-settled share-based payments	<b>16,100</b>	22,335
Depreciation		
– Owned property, plant and equipment	<b>1,976</b>	846
– Leased property, plant and equipment	<b>23</b>	-
Operating lease rental in respect of rented premises	<b>2,160</b>	2,476
Legal and professional fees	<b>787</b>	954



## 7. Taxation

	<b>Three months ended 31 March</b>	
	<b>2016</b>	2015
	<b>HK\$'000</b>	HK\$'000
<b>Current tax</b>		
PRC enterprise income tax	-	-
Hong Kong profits tax	<b>40</b>	-
	<hr/>	<hr/>
	<b>40</b>	-
	<hr/>	<hr/>

Hong Kong profits tax was calculated at the rates of 16.5% (2015: 16.5%) on the estimated assessable profits in Hong Kong during the three months ended 31 March 2016. No taxation on Hong Kong profits tax for the three months ended 31 March 2015 was provided as there were no estimated assessable profits in Hong Kong.

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 2016 and 2015.

## 8. Loss per Share

	<b>Three months ended 31 March</b>	
	<b>2016</b>	2015
		(Restated)
Loss attributable to the owners of the Company (HK\$)	<b>(23,493,000)</b>	(31,148,000)
	<hr/>	<hr/>
Weighted average number of ordinary shares in issue	<b>4,606,129,000</b>	2,924,898,138
	<hr/>	<hr/>
Basic loss per share (HK cents)	<b>(0.51)</b>	(1.06)
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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 ended 31 March 2016 are 4,606,129,000 ordinary shares (three months ended 31 March 2015: 2,924,898,138 ordinary shares (restated)) in issue during the period.

The basic and diluted loss per share for the three months ended 31 March 2016 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 (31 March 2015: same).

## 9. Dividend

The Board does not recommend the payment of dividend for the three months ended 31 March 2016 (three months ended 31 March 2015: 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										
	Share capital	Capital reserve	Share premium	Special reserve	Statutory reserve	Share-based payment 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
At 1 January 2015 (Audited)	12,795	1,030	361,795	11	324	-	1,862	(109,112)	268,705	10,600	279,305
Issuance of share options	-	-	-	-	-	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)
At 31 March 2015 (Unaudited)	12,795	1,030	361,795	11	324	22,335	1,954	(140,260)	259,984	9,750	269,734

**Global Energy Resources International Group Limited**  
 First Quarterly Report 2016

	Attributable to owners of the Company										
	Share capital	Capital reserve	Share premium	Special reserve	Statutory reserve	Share-based payment 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
At 1 January 2016 (Audited)	23,031	1,030	514,940	11	324	18,775	(7,380)	(211,526)	339,205	2,732	341,937
Issuance of share options	-	-	-	-	-	16,100	-	-	16,100	-	16,100
Transaction with owners	-	-	-	-	-	16,100	-	-	16,100	-	16,100
Loss for the period	-	-	-	-	-	-	-	(23,493)	(23,493)	(1,121)	(24,614)
Other comprehensive income, net of income tax: Exchange differences on translating of foreign operations	-	-	-	-	-	-	286	-	286	2	288
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	286	(23,493)	(23,207)	(1,119)	(24,326)
At 31 March 2016 (Unaudited)	23,031	1,030	514,940	11	324	34,875	(7,094)	(235,019)	332,098	1,613	333,711

**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; rental of energy-saving air-conditioners; trading business; the operations of Carbon Emission Trading Platform (“CETP”) and related services; and money lending business.

## BUSINESS REVIEW AND PROSPECT

### Sales of Air-conditioners

During the period under review, the Group has no revenue from the sales of environmental friendly air-conditioners and related products, representing a decrease of approximately 100.0% compared with the last corresponding period of approximately HK\$2,155,000. Loss of this segment decreased by approximately 82.6% from HK\$2,559,000 for the period ended 31 March 2015 to HK\$444,000 for the period ended 31 March 2016. As mentioned in the annual report 2015 of the Company, the Group intended to discontinue the operations of manufacturing of air-conditioners within the year 2016 due to its substantial loss from operation every year since 2012.

### Rental of Air-conditioners

The Group commenced the rental business of energy-saving air-conditioners in May 2015. For the period under review, the Group recorded approximately HK\$381,000 of revenue from the rental business of energy-saving air-conditioners. Loss of this segment for the period ended 31 March 2016 was approximately HK\$3,090,000. The Group has adopted some appropriate cost-saving measures to reduce the loss of this segment. The Group expected that the performance of this segment can be improved until the new rental concept of air-conditioners is generally accepted by the potential customers in the PRC.

### Trading Business

During the period under review, revenue from trading business was a major revenue of the Group amounted to approximately HK\$66,852,000, representing an increase of approximately 313.3% compared with the last corresponding period of approximately HK\$16,175,000. The results of this segment improved from a loss of approximately HK\$1,481,000 for the period ended 31 March 2015 to a profit of approximately HK\$532,000 for the period ended 31 March 2016. The Group’s trading business includes trading of some computer related products. The impact of fluctuation of the Renminbi on the performance of this segment was limited during the period.

## **The Operations of Carbon Emission Trading Platform and Related Services**

During the period under review, the Group has no revenue from the operations of carbon emission trading platform (“CETP”), representing a decrease of approximately 100.0% compared with the last corresponding period of approximately HK\$70,000. Loss of this segment decreased by approximately 5.1% from HK\$1,192,000 for the period ended 31 March 2015 to HK\$1,131,000 for the period ended 31 March 2016. The operations of the CETP is still at the preliminary stage. The Group expected that results of this segment can be improved after the implementation of the nationwide carbon emission trading mechanism in the PRC in 2017. The Group has entered into the business of validation and verification for Clean Development Mechanism (CDM) related projects and forestry-based carbon sequestration projects, these projects expected to obtain Certified Emission Reduction (CER) units or China Certified Emission Reduction (CCER) units which will be traded on the CETP and hence the revenue base of this segment will be broadened.

## **Money Lending Business**

The Group commenced its money lending business in November 2015. Revenue from new money lending business became a stable revenue of the Group. The Group recorded loans interest income of approximately HK\$1,924,000 from this business for the period ended 31 March 2016. The profit of this segment was approximately HK\$1,411,000 for the period ended 31 March 2016. Loan portfolio (excluding loan interest receivables) was approximately HK\$32,895,000 as at 31 March 2016. There was no default event happened in respect of the Group’s loan portfolio during the period under review. The Group expected its loan portfolio of money lending business will continue to grow in this year.

## **Acquisition of a Securities Trading Company**

As mentioned in the annual report 2015 of the Company, the Group is acquiring a securities trading company which is a licensed corporation under the SFO with the Type 1 regulated activity (dealing in securities). The principal activities are provision of brokerage services and securities margin financing to clients. The Board considers that the acquisition of the securities trading company will enable the Company to diversify its business into the financial services industry and broaden revenue sources of the Group. The Group expected that the acquisition of the securities trading company will be completed within the second quarter of 2016.

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 2016, the Group's unaudited consolidated revenue was approximately HK\$69,157,000 (31 March 2015: HK\$18,400,000) which increased approximately by 275.9% comparing with the corresponding period last year. The administrative expenses of the Group for the three months ended 31 March 2016 amounted to approximately HK\$26,125,000 (31 March 2015: HK\$32,906,000) representing a decrease of approximately 20.6% comparing with the corresponding period last year. The decrease in administrative expenses was mainly attributable to the recognition of equity-settled share-based payments (due to grant of share options) of approximately HK\$16,100,000 (31 March 2015: HK\$22,335,000) which decreased by approximately HK\$6,235,000 comparing with the corresponding period of last year. For the three months ended 31 March 2016, the Group recorded approximately HK\$1,686,000 of fair value loss on financial assets at fair value through profit or loss (31 March 2015: Nil) due to the fluctuation of the market.

Loss attributable to owners of the Company for the three months ended 31 March 2016 amounted to approximately HK\$23,493,000 (31 March 2015: HK\$31,148,000), representing a decrease in loss of approximately 24.6% comparing with the corresponding period last year. The decrease in the loss attributable to owners of the Company was mainly due to the decrease in administrative expenses as mentioned above, the improved performance of trading business and the profit from new money lending business.

## DIVIDEND

The Board does not recommend the payment of dividend for the three months ended 31 March 2016 (2015: Nil).

## MAJOR EVENTS DURING THE PERIOD

On 18 January 2016, 365,901,260 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 18 January 2016.

## 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 2016.

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

As at 31 March 2016, 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**

<b>Name of Directors</b>	<b>Number of underlying shares held under share options</b>	<b>Percentage of the issued share capital of the Company</b>
Chan Kwok Wing	74,575,000	1.62%
Lu Zhi Qiang	74,575,000	1.62%
Zhao Liang	59,716,000	1.30%

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 2016 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 has been adopted and approved by the shareholders of the Company at the annual general meeting held on 9 May 2012 (the "Share Option Scheme"). As at 31 March 2016, the Company has 486,464,900 options outstanding which represented approximately 10.56% of the total number of issued shares of the Company as at that date.

The following table discloses movements in the Company's share options during the period ended 31 March 2016:

Category of participants	Date of share options granted	Outstanding at beginning of the period	Granted during the period	Exercised during the period	Outstanding at end of the period	Exercise price HK\$	Exercise period
Directors	8 January 2015	70,866,000	-	-	70,866,000	0.219	8 January 2015 - 9 May 2022
	18 January 2016	-	138,000,000	-	138,000,000	0.065	18 January 2016 - 9 May 2022
Employees and adviser	8 January 2015	49,697,640	-	-	49,697,640	0.219	8 January 2015 - 9 May 2022
	18 January 2016	-	227,901,260	-	227,901,260	0.065	18 January 2016 - 9 May 2022
		<u>120,563,640</u>	<u>365,901,260</u>	<u>-</u>	<u>486,464,900</u>		

The Group recognised approximately HK\$16,100,000 of equity-settled share-based payment (31 March 2015: HK\$22,335,000) 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 2016, 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
Ms. Sun Fengna	320,016,000	Beneficial owner	6.95%
Avalon Global Investment Fund LP ( <i>note 1</i> )	315,552,000	Beneficial owner	6.85%
Maxwealth Investment Management Limited ( <i>note 1</i> )	315,552,000	Interest in controlled corporation	6.85%
Jifu Financial Investment Company Limited ( <i>note 1</i> )	315,552,000	Interest in controlled corporation	6.85%
Mr. Pan Shangcong ( <i>note 1</i> )	315,552,000	Interest in controlled corporation	6.85%
Young Mountain Limited ( <i>note 2</i> )	276,480,000	Beneficial owner	6.00%
Mr. Chiu Piao ( <i>note 2</i> )	276,480,000	Interest in controlled corporation	6.00%

*Notes:*

1. 315,552,000 shares of the Company are held by Avalon Global Investment Fund LP which is a wholly-owned subsidiary of Maxwealth Investment Management Limited, which is a wholly-owned subsidiary of Jifu Financial Investment Company Limited. Jifu Financial Investment Company Limited is wholly owned by Mr. Pan Shangcong. By virtue of the provisions of Part XV of the SFO, each of Maxwealth Investment Management Limited, Jifu Financial Investment Company Limited and Mr. Pan Shangcong is deemed to be interested in the shares of the Company in which Avalon Global Investment Fund LP is interested.
2. 276,480,000 shares of the Company were held by Young Mountain Limited which is wholly owned by Mr. Chiu Piao.

Save as disclosed above, as at 31 March 2016, 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 2016, 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. As at the date of this report, the Audit Committee comprises three members, Mr. Leung Wah (Chairman), Mr. Lu Lin Yu 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, internal controls system and risk management 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 first quarterly results for the three months ended 31 March 2016 and is of the opinion that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules, and that adequate disclosures have been made.

## 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 2016.

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

*Executive Directors:*

Mr. Chan Kwok Wing  
Mr. Lu Zhi Qiang  
Mr. Zhao Liang

*Independent non-executive Directors:*

Mr. Leung Wah  
Mr. Lu Lin Yu  
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 May 2016