



Global Energy Resources International Group Limited

(continued in Bermuda with limited liability)

Stock Code: 8192

2016

INTERIM REPORT



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

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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 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 2016 respectively, together with the comparative figures for the corresponding periods in 2015 as follows:

Unaudited Condensed Consolidated Income Statement

	Note	Three months ended 30 June		Six months ended 30 June	
		2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Revenue	3	68,216	125,190	137,373	143,590
Cost of sales		(63,897)	(121,790)	(129,405)	(139,433)
Gross profit		4,319	3,400	7,968	4,157
Other revenue	3	8	11	17	20
Other gains and losses	4	(1,049)	168	(2,725)	372
Selling and distribution expenses		(551)	(546)	(977)	(639)
Administrative expenses		(11,841)	(9,604)	(37,966)	(42,510)
Loss from operations		(9,114)	(6,571)	(33,683)	(38,600)
Finance costs		(23)	(143)	(28)	(143)
Loss before taxation	6	(9,137)	(6,714)	(33,711)	(38,743)
Income tax expenses	7	(236)	–	(276)	–
Loss for the period		(9,373)	(6,714)	(33,987)	(38,743)
Loss for the period attributable to					
Owners of the Company		(7,846)	(5,026)	(31,339)	(36,174)
Non-controlling interests		(1,527)	(1,688)	(2,648)	(2,569)
		(9,373)	(6,714)	(33,987)	(38,743)
Loss per share	8				
– Basic and diluted (HK cents)		(0.17)	(0.14)	(0.68)	(1.11)

Unaudited Condensed Consolidated Statement of Comprehensive Income

	Three months ended 30 June		Six months ended 30 June	
	2016	2015	2016	2015
Note	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss for the period	(9,373)	(6,714)	(33,987)	(38,743)
Other comprehensive loss for the period, net of income tax				
Items that may be subsequently reclassified to profit or loss:				
Exchange differences on translation of foreign operations	(3,504)	(250)	(3,216)	(127)
Total comprehensive loss for the period	(12,877)	(6,964)	(37,203)	(38,870)
Total comprehensive loss for the period attributable to				
Owners of the Company	(11,334)	(5,277)	(34,541)	(36,333)
Non-controlling interests	(1,543)	(1,687)	(2,662)	(2,537)
	(12,877)	(6,964)	(37,203)	(38,870)

Condensed Consolidated Statement of Financial Position

		(Unaudited) As at 30 June 2016 HK\$'000	(Audited) As at 31 December 2015 HK\$'000
	Note		
Assets and liabilities			
Non-current assets			
Property, plant and equipment		50,878	45,582
Intangible asset	10	122,569	122,569
Goodwill		869	869
Other assets		584	597
		<hr/>	<hr/>
		174,900	169,617
Current assets			
Inventories		2,675	3,905
Trade receivables	11	68,178	4,501
Other receivables, deposits and prepayments	12	39,708	48,370
Loan receivables	13	31,652	33,149
Financial assets at fair value through profit or loss	14	11,806	13,345
Cash and cash equivalents		9,317	82,743
		<hr/>	<hr/>
		163,336	186,013
Current liabilities			
Trade payables	15	5,006	5,120
Accruals and other payables	16	7,362	7,783
Amounts due to related parties	17	303	310
Finance leases payables	18	90	88
Other borrowing	19	4,018	–
Tax payable		276	–
		<hr/>	<hr/>
		17,055	13,301
Net current assets		<hr/> 146,281	<hr/> 172,712
Total assets less current liabilities		<hr/> 321,181	<hr/> 342,329
Non-current liability			
Finance leases payables	18	347	392
Net assets		<hr/> 320,834	<hr/> 341,937
Equity			
Share capital	20	23,031	23,031
Reserves		297,733	316,174
		<hr/>	<hr/>
Total equity attributable to owners of the Company		320,764	339,205
Non-controlling interests		70	2,732
		<hr/>	<hr/>
Total equity		<hr/> 320,834	<hr/> 341,937

Unaudited Condensed Consolidated Statement of Changes in Equity

	Attributable to owners of the Company								Non-controlling interests	Total	
	Share capital	Capital reserve	Share premium	Special reserve	Statutory reserve	Share-based payment reserve	Exchange reserve	Accumulated losses			
	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
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)
Issuance of share options	-	-	-	-	-	22,335	-	-	22,335	-	22,335
Lapse 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 (loss)/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	324	20,555	1,703	(145,286)	376,724	8,063	384,787
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
Net loss for the period	-	-	-	-	-	-	-	(31,339)	(31,339)	(2,648)	(33,987)
Other comprehensive loss, net of income tax:											
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(3,202)	-	(3,202)	(14)	(3,216)
Total comprehensive loss for the period	-	-	-	-	-	-	(3,202)	(31,339)	(34,541)	(2,662)	(37,203)
At 30 June 2016 (Unaudited)	23,031	1,030	514,940	11	324	34,875	(10,582)	(242,865)	320,764	70	320,834

Unaudited Condensed Consolidated Statement of Cash Flows

	Six months ended 30 June	
	2016	2015
	HK\$'000	<i>HK\$'000</i>
Net cash outflow from operating activities	(75,200)	(103,617)
Net cash inflow/(outflow) from investing activities	15	(12,158)
Net cash inflow from financing activities	3,990	122,301
	<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents	(71,195)	6,526
Cash and cash equivalents at the beginning of the period	82,743	49,588
Effect of foreign exchange rate changes	(2,231)	(194)
	<hr/>	<hr/>
Cash and cash equivalents at the end of the period	9,317	55,920
	<hr/>	<hr/>
Analysis of balances of cash and cash equivalents		
Cash and bank balances	9,317	55,920
	<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 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. The Group is newly engaged in securities trading business after the period ended 30 June 2016.

2. Basis of Preparation and Principal Accounting Policies

The Group's 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 2015.

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 2016. 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, the operations of carbon emission trading platform ("CETP") and money lending business. Revenue and other revenue recognised during the period are as follows:

	(Unaudited)		(Unaudited)	
	Three months ended 30 June		Six months ended 30 June	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue				
Sales of air-conditioners	–	4	–	2,159
Rental of air-conditioners	988	45	1,369	45
Trading business	65,454	125,103	132,306	141,278
Operations of the CETP	–	38	–	108
Money lending business	1,774	–	3,698	–
	68,216	125,190	137,373	143,590
Other revenue				
Interest income	8	11	15	20
Sundry income	–	–	2	–
	8	11	17	20

4. Other Gains and Losses

	(Unaudited)		(Unaudited)	
	Three months ended 30 June		Six months ended 30 June	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Exchange (loss)/gain, net	(31)	1,181	(21)	1,385
Fair value gain/(loss) on financial assets at fair value through profit or loss	147	(1,013)	(1,539)	(1,013)
Provision of slow moving inventories	(1,165)	–	(1,165)	–
	(1,049)	168	(2,725)	372

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 ("Rental of air-conditioners")
- Trading business
- Operations of the CETP
- 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 30 June 2016:

	(Unaudited)					Total HK\$'000
	Sales of air- conditioners HK\$'000	Rental of air- conditioners HK\$'000	Trading business HK\$'000	Operations of the CETP HK\$'000	Money lending business HK\$'000	
Segment revenue	-	1,369	132,306	-	3,698	137,373
Segment results	(921)	(6,175)	1,249	(2,634)	2,472	(6,009)
Other revenue						17
Other gains and losses						(1,186)
Fair value loss on financial assets at fair value through profit or loss						(1,539)
Central administrative costs						(24,984)
Unallocated finance costs						(10)
Loss before taxation						(33,711)

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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 <i>HK\$'000</i>	Money lending business <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 revenue						20
Other gains and losses						1,385
Fair value loss on financial assets at fair value through profit or loss						(1,013)
Central administrative costs						(29,965)
Unallocated finance costs						(143)
Loss before taxation						<u>(38,743)</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 2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>	Six months ended 30 June 2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Directors' remuneration	784	800	1,569	1,708
Staff costs	4,080	4,306	7,926	7,779
Equity-settled share-based payments	–	(1,780)	16,100	20,555
Depreciation				
– Owned property, plant and equipment	2,290	938	4,266	1,784
– Leased property, plant and equipment	46	–	69	–
Operating lease rentals in respect of rented premises	1,985	2,505	4,145	4,981
Legal and professional fees	1,827	1,340	2,614	2,294

7. Income Tax Expenses

	(Unaudited)		(Unaudited)	
	Three months ended 30 June		Six months ended 30 June	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current tax:				
PRC enterprise income tax	–	–	–	–
Hong Kong profits tax	236	–	276	–
	236	–	276	–

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 six months ended 30 June 2016. No taxation on Hong Kong profits tax for the six months ended 30 June 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 six months ended 30 June 2016 and 2015.

8. Loss per Share

	(Unaudited)		(Unaudited)	
	Three months ended 30 June		Six months ended 30 June	
	2016	2015	2016	2015
Loss attributable to the owners of the Company (HK\$)	(7,846,000)	(5,026,000)	(31,339,000)	(36,174,000)
Weighted average number of ordinary shares in issue	4,606,129,000	3,597,512,509	4,606,129,000	3,268,110,617
Basic loss per share (HK cents)	(0.17)	(0.14)	(0.68)	(1.11)

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 basic and diluted loss per share for the six months ended 30 June 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 (30 June 2015: same).

9. Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2016 (2015: 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 2015 and 30 June 2016	161,869
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Accumulated impairment:

Balance at 31 December 2015 and 30 June 2016	39,300
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Carrying amounts:

Balance at 30 June 2016	122,569
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Balance at 31 December 2015	122,569
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11. Trade Receivables

	(Unaudited) As at 30 June 2016 HK\$'000	(Audited) As at 31 December 2015 HK\$'000
Trade receivables	68,178	4,501

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 (2015: 30–180 days) to its trade customers. The following is an ageing analysis of trade receivables at the end of the reporting period based on the invoice date and net of provision:

	(Unaudited) As at 30 June 2016 HK\$'000	(Audited) As at 31 December 2015 HK\$'000
0–90 days	63,776	1,208
91–180 days	–	–
181–365 days	1,181	112
Over 365 days	3,221	3,181
	68,178	4,501

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As at 30 June 2016, trade receivables of approximately HK\$4,402,000 (31 December 2015: approximately HK\$3,293,000) were past due but not impaired. These were related to few third party customers for whom there was no recent history of default. Based on past credit history, the management believes that no impairment on trade receivables is necessary for these balances as there has not been a significant change in credit quality. Accordingly, these 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
	2016	2015
	HK\$'000	<i>HK\$'000</i>
181–365 days	1,181	112
Over 365 days	3,221	3,181
	<hr/> 4,402 <hr/>	<hr/> 3,293 <hr/>

12. Other Receivables, Deposits and Prepayments

	(Unaudited)	(Audited)
	As at	As at
	30 June	31 December
	2016	2015
	HK\$'000	<i>HK\$'000</i>
Deposit paid and prepayments to suppliers	24,674	36,533
Earnest money and deposit paid for acquisition of a subsidiary	5,000	3,000
Other deposits and receivables	3,222	3,333
Value added tax receivables	6,812	5,504
	<hr/> 39,708 <hr/>	<hr/> 48,370 <hr/>

13. Loan Receivables

	(Unaudited)	(Audited)
	As at	As at
	30 June	31 December
	2016	2015
	HK\$'000	<i>HK\$'000</i>
Loan receivables	29,400	31,900
Interest receivables	2,252	1,249
	<hr/> 31,652 <hr/>	<hr/> 33,149 <hr/>

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The maturity profile of the loan receivables at the end of the reporting period, analysed by the maturity date, is as follows:

	(Unaudited)	(Audited)
	As at	As at
	30 June	31 December
	2016	2015
	HK\$'000	HK\$'000
<i>Receivables:</i>		
Within one year	31,652	33,149

The Group's loan receivables, which arise from the money lending business in Hong Kong, are denominated in Hong Kong dollars. All loan receivables are unsecured, bear interest and are repayable with fixed terms agreed with customers. They are neither past due nor impaired. The maximum exposure to credit risk at the reporting date is the carrying value of the loan receivables.

14. 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 2016 and 31 December 2015 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
	2016	2015
	HK\$'000	HK\$'000
Listed securities		
– Equity securities – Hong Kong (level 1)	11,806	13,345

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 2016 and 31 December 2015 in an active market.

15. Trade Payables

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

	(Unaudited)	(Audited)
	As at	As at
	30 June	31 December
	2016	2015
	HK\$'000	HK\$'000
0–90 days	–	38
91–180 days	–	–
181–365 days	35	2,650
Over 365 days	4,971	2,432
	<hr/> 5,006	<hr/> 5,120

16. Accruals and Other Payables

	(Unaudited)	(Audited)
	As at	As at
	30 June	31 December
	2016	2015
	HK\$'000	HK\$'000
Accruals	906	2,967
Receipt in advances	4,703	3,070
Other payables	1,753	1,746
	<hr/> 7,362	<hr/> 7,783

17. Amounts Due to Related Parties

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

18. Finance leases payables

	Minimum lease payments		Present value of minimum lease payment	
	(Unaudited) As at 30 June 2016 HK\$'000	(Audited) As at 31 December 2015 HK\$'000	(Unaudited) As at 30 June 2016 HK\$'000	(Audited) As at 31 December 2015 HK\$'000
<i>Amounts payable under finance leases:</i>				
Within one year	106	106	90	88
Between one to five years	373	426	347	392
	479	532	437	480
Less: Future finance charges	(42)	(52)	–	–
	437	480	437	480

The Group has leased the motor vehicle under finance leases and the lease term in 5 years. The annual effective interest rates of the obligations under finance lease at the end of the reporting period is 2.15% per annum. The obligations under finance lease is denominated in Hong Kong dollars and its carrying amount approximate its fair value. The Group's obligations under finance leases are secured by the lessors' title to the leased assets.

As at 30 June 2016, the finance leases payables of the Group with carrying amounts of approximately HK\$437,000 (31 December 2015: approximately HK\$480,000) were secured by the lessor's charge over the leased assets with carrying amount of approximately HK\$582,000 (31 December 2015: approximately HK\$651,000).

19. Other borrowing

	(Unaudited) As at 30 June 2016 HK\$'000	(Audited) As at 31 December 2015 HK\$'000
Other borrowing from an independent third party	4,018	–

As at 30 June 2016, the other borrowing is wholly repayable within one year and secured by a corporate guarantee of the Company. The other borrowing carries an interest at fixed rate of 3.5% per month.

20. Share Capital

	Number of shares	Amount HK\$'000
<i>Authorised:</i>		
Ordinary shares of HK\$0.005 each at 31 December 2015 and 30 June 2016	7,000,000,000	35,000
<i>Issued and fully paid:</i>		
Ordinary shares of HK\$0.005 each at 31 December 2015 and 30 June 2016	4,606,129,000	23,031

21. 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\$0.250 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.

As a result of the open offer which took effect on 24 April 2015, adjustments have been made and the said outstanding 125,480,000 share options became 143,423,640 share options conferring holders thereof to subscribe for up to a total of 143,423,640 shares of the Company, out of which total of 22,860,000 share options were lapsed and 120,563,640 share options remained unexercised and outstanding as at 30 June 2016. The subscription price per share option was adjusted to HK\$0.219 per share option after taking into account of the effect of open offer which became effective on 24 April 2015.

On 18 January 2016, the Company granted 365,901,260 share options to the certain Directors, employees and adviser of the Company under the Share Option Scheme at the exercise price of HK\$0.065 per share option which were vested immediately and exercisable for the period between 18 January 2016 and 9 May 2022 (both dates inclusive). Each share option gives the holder the right to subscribe for one ordinary share of the Company.

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The fair value of 365,901,260 share options granted under the Share Option Scheme at the measurement dated 18 January 2016 of approximately HK\$16,100,000 was determined under the Black-Scholes Option Pricing Model and based on the following assumptions:

Risk-free interest rate	1.144%
Expected volatility	80.08%
Share options period	6.30 years

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.

As at 30 June 2016, there are outstanding options entitling the share options holders thereof to subscribe for up to an aggregate of 486,464,900 shares, of which 120,563,640 outstanding options have an exercise price of HK\$0.219 per share and 365,901,260 outstanding options have an exercise price of HK\$0.065 per share.

22. 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)	(Audited)
	As at	As at
	30 June	31 December
	2016	2015
	HK\$'000	HK\$'000
Within one year	5,728	8,303
In the second to fifth year inclusive	9,893	14,814
	15,621	23,117

23. 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	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Salaries and fees	780	795	1,560	1,699
Pension costs – defined contribution scheme (Mandatory Provident Fund Scheme)	4	5	9	9
Equity-settled share-based payments	-	-	6,072	12,816
	784	800	7,641	14,524

24. Contingent Liabilities

As at 30 June 2016, the Group did not have any significant contingent liabilities (31 December 2015: Nil).

25. Events after the reporting period

- a) On 21 July 2016, Sino Unique Limited, a wholly-owned subsidiary of the Company entered into a non-legally binding memorandum of understanding with a potential seller in respect of the possible acquisition of part of or all the potential seller's shareholding in the target company. The target company is a company incorporated in the BVI with limited liability and is engaged in investment holding which through an indirect wholly-owned subsidiary in the PRC through variable interest entity arrangement to obtain the beneficial interests of a fund management consulting firm from being a management consulting firm and management executor of a private equity fund in the PRC. Details could be referred to the Company's announcement dated 21 July 2016.
- b) On 29 July 2016, Sea Horizon Global Limited, an indirect wholly-owned subsidiary of the Company, completed the acquisition of the entire issued share capital in Hing Lee Securities Limited (the "Acquisition") 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. Following the completion of the Acquisition, Hing Lee Securities Limited became an indirect wholly-owned subsidiary of the Company and its financial results will be consolidated into the accounts of the Group. Details could be referred to the Company's announcements dated 15 December 2015 and 29 July 2016.

26. 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 (iv) the operations of carbon emission trading platform and related services and (v) money lending business. The Group is newly engaged in securities trading business after the period ended 30 June 2016.

BUSINESS REVIEW AND PROSPECT

Sales of Air-conditioners

For the six months ended 30 June 2016, the Group has no revenue from the sales of environmental friendly air-conditioners and related products (30 June 2015: approximately HK\$2,159,000). Loss of this segment decreased by approximately 85.4% from approximately HK\$6,315,000 for the six months ended 30 June 2015 to approximately HK\$921,000 for the six months ended 30 June 2016. The Group expected that market competition in the sales of air-conditioners market in the PRC will remain fierce. As mentioned in the annual report 2015 and the first quarterly report 2016 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 six months ended 30 June 2016, the Group recorded approximately HK\$1,369,000 of revenue from the rental business of energy-saving air-conditioners, representing an increase of approximately 2,942.2% compared with the last corresponding period of approximately HK\$45,000. Loss of this segment increased by approximately 1,794.2% from approximately HK\$326,000 for the six months ended 30 June 2015 to approximately HK\$6,175,000 for the six months ended 30 June 2016. The rental business is still at the preliminary stage of development and the Group expected that the performance of this segment will not be improved in the short run even though some cost-cutting measures have been adopted.

Trading Business

For the six months ended 30 June 2016, revenue from trading business was major revenue of the Group amounted to approximately HK\$132,306,000, representing a decrease of approximately 6.4% compared with the last corresponding period of approximately HK\$141,278,000. The Group's trading business includes some computer related products. The Group will continue to source different products for its trading business for a better return. The results of this segment improved from a loss of approximately HK\$496,000 for the six months ended 30 June 2015 to a profit of approximately HK\$1,249,000 for the six months ended 30 June 2016. The impact of fluctuation of the Renminbi on this segment was limited during the six months ended 30 June 2016.

The Carbon Emission Trading Platform and Related Services

For the six months ended 30 June 2016, the Group has no revenue from the operations of carbon emission trading platform (“CETP”) (30 June 2015: approximately HK\$108,000). Loss of this segment increased by approximately 39.4% from approximately HK\$1,890,000 for the six months ended 30 June 2015 to approximately HK\$2,634,000 for the six months ended 30 June 2016. Currently, as the carbon emission trading are not well known, the trading volume through the platform was still very low. 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\$3,698,000 from this business for the period ended 30 June 2016. The profit of this segment was approximately HK\$2,472,000 for the six months ended 30 June 2016. Loan portfolio (excluding loan interest receivables) was approximately HK\$29,400,000 as at 30 June 2016. There was no default event happened in respect of the Group’s loan portfolio during the period under review. The Group is optimistic about the growth of its money lending business.

Completion of the Acquisition of a Securities Trading Company

On 29 July 2016, Sea Horizon Global Limited, an indirect wholly-owned subsidiary of the Company, completed the acquisition of the entire issued share capital in Hing Lee Securities Limited (the “Acquisition”) 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. Following the completion of the Acquisition, Hing Lee Securities Limited became an indirect wholly-owned subsidiary of the Company and its financial results will be consolidated into the accounts of the Group. The Board considers that the Acquisition will enable the Company to diversify its business into the financial services industry and broaden revenue sources of the Group.

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

Results

For the six months ended 30 June 2016, the Group's unaudited consolidated revenue was approximately HK\$137,373,000 (30 June 2015: approximately HK\$143,590,000) which was decreased approximately by 4.3% comparing with the corresponding period last year. The administrative expenses of the Group for the six months ended 30 June 2016 amounted to approximately HK\$37,966,000 (30 June 2015: approximately HK\$42,510,000) representing a decrease of approximately 10.7% comparing with the corresponding period last year. The decrease in administrative expenses was mainly attributable to the recognition of equity-settled share-based payment (due to grant of share options) of approximately HK\$16,100,000 (30 June 2015: approximately HK\$20,555,000) which decreased by approximately HK\$4,455,000 comparing with the corresponding period of last year.

Loss attributable to owners of the Company for the six months ended 30 June 2016 amounted to approximately HK\$31,339,000 (30 June 2015: approximately HK\$36,174,000), representing a decrease in loss of approximately 13.4% 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.

Liquidity and financial resources

As at 30 June 2016, the Group had total assets of approximately HK\$338,236,000 (31 December 2015: approximately HK\$355,630,000), including net cash and bank balances of approximately HK\$9,317,000 (31 December 2015: approximately HK\$82,743,000).

As at 30 June 2016, current ratio (defined as total current assets divided by total current liabilities) was approximately 9.58 (31 December 2015: approximately 13.98). As at 30 June 2016, the Group had approximately HK\$303,000 of amounts due to related parties which is unsecured, interest-free and repayable on demand (31 December 2015: approximately HK\$310,000) and had approximately HK\$4,018,000 of other borrowing (31 December 2015: Nil) which is secured by a corporate guarantee of the Company, bear interest and with fixed repayment term.

As at 30 June 2016, the Group had finance leases payables of approximately HK\$437,000 (31 December 2015: approximately HK\$480,000) which were repayable on demand. 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 2016 (31 December 2015: Nil).

For the six months ended 30 June 2016, the Group financed its operations partially with internally generated cash flow and partially with other borrowing.

The pledge of Group assets

Save as the finance leases entered by the Group and the corporate guarantee provided by the Company for the other borrowing, none of the assets of the Group has been pledged to secure any loan granted to the Group as at 30 June 2016.

Capital structure

As at 30 June 2016, the Group had shareholders' capital of approximately HK\$23,031,000 (31 December 2015: approximately HK\$23,031,000). The shareholders' capital of the Company is constituted of 4,606,129,000 shares (31 December 2015: 4,606,129,000 shares).

Significant investments

The Group had no significant investments during the period under review.

Material acquisitions or disposals of subsidiaries and affiliated companies

The Group had no material acquisition or disposal of subsidiaries and affiliated companies during the period under view.

Foreign exchange exposure

The Group's income and expenditure during the six months ended 30 June 2016 were principally denominated either in Hong Kong dollars ("HK\$") or Renminbi ("RMB"), and most of the assets and liabilities as at 30 June 2016 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.

Principal Risks

The Group's financial position, business results and prospects would be affected by a number of risks including operational risk, market risk and financial risk. A subsidiary of the Group which operates a carbon emission trading platform is susceptible to information technology risk. The Group's money lending business and trading business are subject to credit risk and foreign currency risk respectively.

Employees and remuneration policies

As at 30 June 2016, the Group had 67 full-time employees (31 December 2015: 88) in Hong Kong and the PRC. 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 does not recommend the payment of an interim dividend for the six months ended 30 June 2016 (2015: Nil).

MAJOR EVENTS DURING THE PERIOD

Grant of share options

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.

Open Offer and Capital Reorganisation

On 3 June 2016, the Company and the underwriter entered an underwriting agreement (the "Underwriting Agreement") pursuant to which the Company offered a total of 230,306,450 consolidated shares of the Company at a subscription price of HK\$0.30 per offer share to the shareholders of the Company (the "Shareholders") on the basis of one offer share for every two shares held on the record date (the "Open Offer"). The Open Offer is conditional upon, among others, the approval by the Shareholders of the capital reorganisation (the "Capital Reorganisation") by way of poll at the special general meeting.

On 15 June 2016, the Board proposed the Capital Reorganisation comprising (a) share consolidation of every ten (10) issued and unissued Shares of par value of HK\$0.005 each in the share capital of the Company into one (1) consolidated Share of par value of HK\$0.05 each (the "Share Consolidation"), and (b) increase in authorised share capital of the Company from HK\$35,000,000 divided into 700,000,000 consolidated Shares to HK\$250,000,000 divided into 5,000,000,000 consolidated Shares (subject to the Share Consolidation having become effective).

On 15 July 2016, the resolution for the Capital Reorganisation was not approved by the Shareholders at the special general meeting, as a result the Underwriting Agreement did not become unconditional and the Open Offer lapsed on the same date. Details please refer to the circular of the Company dated 28 June 2016 and the announcements of the Company dated 3 June 2016, 15 June 2016 and 15 July 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 six months ended 30 June 2016.

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

As at 30 June 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

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

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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 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 30 June 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 six months ended 30 June 2016:

Category of participants	Date of share option granted	Outstanding at beginning of the period	Granted during the period	Exercise 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>		

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

As at 30 June 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%
Mr. Pan Shangcong (note 1)	315,552,000	Interest in controlled corporation	6.85%
Jifu Financial Investment Company Limited (note 1)	315,552,000	Interest in controlled corporation	6.85%
Maxwealth Investment Management Limited (note 1)	315,552,000	Interest in controlled corporation	6.85%
Avalon Global Investment Fund LP (note 1)	315,552,000	Beneficial owner	6.85%

Note:

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 was deemed to be interested in the shares of the Company in which Avalon Global Investment Fund LP was interested.

Save as disclosed above, as at 30 June 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 their respective associates (as defined in the GEM Listing Rules) have any business or interest in companies that competes or may compete with the business of the Group or any other conflict of interests which any such person has or may have with the Group.

CONNECTED TRANSACTIONS

The related party transactions are set out in note 17 and note 23 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 2016.

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 2016 except the code provision A.2.1 and A.6.7 of the CG Code as disclosed below.

- 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.
- Certain Directors were not able to attend the general meetings of the Company held in May 2016 due to their respective commitments elsewhere. The Directors were reminded to attend general meetings of the Company in future for compliance of code provisions A.6.7 as set out in the CG Code.

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 interim results for the six months ended 30 June 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 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 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, 11 August 2016