



Global Energy Resources International Group Limited

(continued in Bermuda with limited liability)

Stock Code: 8192



2017
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 2017 respectively, together with the comparative figures for the corresponding periods in 2016 as follows:

Unaudited Condensed Consolidated Income Statement

		Three months ended		Six months ended	
		30 June		30 June	
		2017	2016	2017	2016
Note		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Continuing operations					
Revenue	3	72,946	68,216	142,070	137,373
Cost of sales		(67,934)	(63,897)	(132,263)	(129,405)
Gross profit		5,012	4,319	9,807	7,968
Other revenue	3	103	4	195	5
Other gains and losses	4	1,630	115	2,554	(1,563)
Selling and distribution expenses		(310)	(553)	(692)	(977)
Administrative expenses		(7,768)	(11,362)	(15,669)	(37,045)
Loss from operations		(1,333)	(7,477)	(3,805)	(31,612)
Finance costs	6	(4)	(23)	(793)	(28)
Loss before taxation	7	(1,337)	(7,500)	(4,598)	(31,640)
Taxation	8	–	(236)	–	(276)
Loss for the period from continuing operations		(1,337)	(7,736)	(4,598)	(31,916)
Discontinued operation					
Loss for the period from discontinued operation	9	–	(1,637)	–	(2,071)
Loss for the period		(1,337)	(9,373)	(4,598)	(33,987)

		Three months ended 30 June		Six months ended 30 June		
		2017	2016	2017	2016	
Note		HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Loss for the period attributable to						
	Owners of the Company	(335)	(7,846)	(2,416)	(31,339)	
	Non-controlling interests	(1,002)	(1,527)	(2,182)	(2,648)	
		<u>(1,337)</u>	<u>(9,373)</u>	<u>(4,598)</u>	<u>(33,987)</u>	
Loss per share for the period attributable to owners of the Company						
			(restated)		(restated)	
For continuing and discontinued operations						
	– Basic and diluted (HK cents)	10	<u>(0.04)</u>	<u>(1.28)</u>	<u>(0.30)</u>	<u>(5.11)</u>
For continuing operations						
	– Basic and diluted (HK cents)	10	<u>(0.04)</u>	<u>(1.14)</u>	<u>(0.30)</u>	<u>(4.93)</u>

Unaudited Condensed Consolidated Statement of Comprehensive Income

	Three months ended		Six months ended	
	30 June		30 June	
	2017	2016	2017	2016
<i>Note</i>	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss for the period	(1,337)	(9,373)	(4,598)	(33,987)
Other comprehensive income/(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	2,602	(3,504)	3,786	(3,216)
Total comprehensive income/(loss) for the period	1,265	(12,877)	(812)	(37,203)
Total comprehensive income/(loss) for the period attributable to				
Owners of the Company	2,468	(11,334)	1,647	(34,541)
Non-controlling interests	(1,203)	(1,543)	(2,459)	(2,662)
	1,265	(12,877)	(812)	(37,203)

Condensed Consolidated Statement of Financial Position

		(Unaudited) As at 30 June 2017 HK\$'000	(Audited) As at 31 December 2016 HK\$'000
	Note		
Assets and liabilities			
Non-current assets			
Property, plant and equipment		42,889	46,869
Intangible asset	12	104,512	104,512
Goodwill	13	10,939	10,939
Other assets		976	958
		159,316	163,278
Current assets			
Trade receivables	14	82,685	69,655
Other receivables, deposits and prepayments	15	24,237	23,416
Loans receivable	16	28,914	27,203
Financial assets at fair value through profit or loss	17	9,388	6,830
Client trust bank balances		1,017	817
Cash and cash equivalents		118,467	13,925
		264,708	141,846
Current liabilities			
Trade payables	18	15,711	11,655
Accruals and other payables	19	7,170	8,100
Amounts due to a related party	20	299	290
Finance leases payables	21	94	92
Other borrowings	22	-	21,000
		23,274	41,137
Net current assets		241,434	100,709
Total assets less current liabilities		400,750	263,987
Non-current liability			
Finance leases payables	21	253	300
Net assets		400,497	263,687
Equity			
Share capital	23	41,455	23,031
Reserves		368,984	248,139
Total equity attributable to owners of the Company		410,439	271,170
Non-controlling interests		(9,942)	(7,483)
Total equity		400,497	263,687

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 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 translating 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
At 1 January 2017 (Audited)	23,031	1,030	514,940	11	324	34,875	(16,461)	(286,580)	271,170	(7,483)	263,687
Subscription of new shares	4,606	-	33,279	-	-	-	-	-	37,885	-	37,885
Transaction costs attributable to subscription of new shares	-	-	(77)	-	-	-	-	-	(77)	-	(77)
Rights issue of ordinary shares	13,618	-	89,820	-	-	-	-	-	103,638	-	103,638
Transaction costs attributable to rights issue of ordinary shares	-	-	(3,824)	-	-	-	-	-	(3,824)	-	(3,824)
Lapse of share options	-	-	-	-	-	(20,371)	-	20,371	-	-	-
Transaction with owners	16,424	-	119,198	-	-	(20,371)	-	20,371	137,622	-	137,622
Net loss for the period	-	-	-	-	-	-	-	(2,416)	(2,416)	(2,182)	(4,598)
Other comprehensive income/(loss), net of income tax: Exchange differences on translating foreign operations	-	-	-	-	-	-	4,063	-	4,063	(277)	3,786
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	4,063	(2,416)	1,647	(2,458)	(812)
At 30 June 2017 (Unaudited)	41,455	1,030	634,138	11	324	14,504	(12,398)	(268,625)	410,439	(9,942)	400,497

Unaudited Condensed Consolidated Statement of Cash Flows

	Six months ended 30 June	
	2017	2016
	HK\$'000	<i>HK\$'000</i>
Net cash outflow from operating activities	(13,112)	(75,200)
Net cash (outflow)/inflow from investing activities	(291)	15
Net cash inflow from financing activities	115,332	3,990
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	101,929	(71,195)
Cash and cash equivalents at the beginning of the period	13,925	82,743
Effect of foreign exchange rate changes	2,613	(2,231)
	<hr/>	<hr/>
Cash and cash equivalents at the end of the period	118,467	9,317
	<hr/>	<hr/>
Analysis of balances of cash and cash equivalents		
Cash and bank balances	118,467	9,317
	<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) rental of energy-saving air-conditioners, (ii) trading business, (iii) the operations of carbon emission trading platform and related services, (iv) money lending business and (v) securities trading business.

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 2016.

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 2017. 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

Continuing operations:

Revenue, which is also the Group's turnover, represents the aggregate of the amounts received and receivable from third parties. Revenue and other revenue recognised from continuing operations during the period are as follows:

	(Unaudited) Three months ended 30 June		(Unaudited) Six months ended 30 June	
	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000
Revenue				
Rental of air-conditioners	1,031	988	1,838	1,369
Trading business	71,089	65,454	137,926	132,306
Money lending business	333	1,774	1,194	3,698
Securities trading business	493	–	1,112	–
	<u>72,946</u>	<u>68,216</u>	<u>142,070</u>	<u>137,373</u>
Other revenue				
Interest income	18	4	35	5
Sundry income	85	–	160	–
	<u>103</u>	<u>4</u>	<u>195</u>	<u>5</u>

4. Other Gains and Losses

Continuing operations:

	(Unaudited) Three months ended 30 June		(Unaudited) Six months ended 30 June	
	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000
Exchange loss, net	(1)	(32)	(2)	(24)
Realised loss on financial assets at fair value through profit or loss	(2)	–	(2)	–
Unrealised gain/(loss) on financial assets at fair value through profit or loss	1,633	147	2,558	(1,539)
	<u>1,630</u>	<u>115</u>	<u>2,554</u>	<u>(1,563)</u>

5. Segment Information

Information reported to executive director and chief executive officer of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The Group's reportable segments under HKFRS 8 are as follows:

- Rental of energy-saving air-conditioners ("Rental of air-conditioners")
- Trading business
- Operations of the carbon emission trading platform and related services ("Operations of the CETP")
- Money lending business
- Securities trading business

The segment of manufacturing and sales of air-conditioners and related products was discontinued during the year ended 31 December 2016. The corresponding information for the period ended 30 June 2016 has been re-presented accordingly.

Segment revenues and results

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

For the period ended 30 June 2017:

	Continuing operations					Total HK\$'000
	Rental of air- conditioners	Trading business	Operations of the CETP	Money lending business	Securities trading business	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Segment revenue	1,838	137,926	–	1,194	1,112	142,070
Segment results	(4,452)	6,242	(1,031)	516	(1,452)	(177)
Other revenue						195
Other gains and losses						(2)
Net gain on financial assets at fair value through profit or loss						2,556
Central administrative costs						(6,377)
Finance costs						(793)
Loss before taxation						(4,598)

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For the period ended 30 June 2016:

	Continuing operations					Total HK\$'000
	Rental of air- conditioners HK\$'000	Trading business HK\$'000	Operations of the CETP HK\$'000	Money lending business HK\$'000	Securities trading business HK\$'000	
Segment revenue	1,369	132,306	–	3,698	–	137,373
Segment results	(6,175)	1,249	(2,634)	2,490	–	(5,070)
Other revenue						5
Other gains and losses						(24)
Unrealised loss on financial assets at fair value through profit or loss						(1,539)
Central administrative costs						(24,984)
Finance costs						(28)
Loss before taxation						(31,640)

All of the segment revenue reported above is generated from external customers.

6. Finance Costs

Continuing operations:

	(Unaudited) Three months ended 30 June		(Unaudited) Six months ended 30 June	
	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000
Interest expenses on other borrowings				
– secured and wholly repayable within one year	–	–	320	–
– unsecured and wholly repayable within one year	–	18	465	18
Interest expenses on finance leases payables	4	5	8	10
	<u>4</u>	<u>23</u>	<u>793</u>	<u>28</u>

7. Loss before Taxation

Continuing operations:

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

	(Unaudited)		(Unaudited)	
	Three months ended 30 June		Six months ended 30 June	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Directors' remuneration	568	784	1,202	1,569
Staff costs	3,109	3,940	6,139	7,631
Equity-settled share-based payments	–	–	–	16,100
Depreciation				
– Owned property, plant and equipment	2,755	2,272	5,401	4,213
– Leased property, plant and equipment	35	35	69	69
Operating lease rentals in respect of rented premises	1,146	1,856	2,286	3,817
Legal and professional fees	409	1,827	729	2,614
	—————	—————	—————	—————

8. Taxation

Continuing operations:

	(Unaudited)		(Unaudited)	
	Three months ended 30 June		Six months ended 30 June	
	2017	2016	2017	2016
	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% (2016: 16.5%) on the estimated assessable profits in Hong Kong during the six months ended 30 June 2017. No taxation on Hong Kong profits tax for the six months ended 30 June 2017 was provided as there were no estimated assessable profits in Hong Kong.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% (2016: 25%). No provision for the PRC enterprise income taxes was provided for the six months ended 30 June 2017 as the Group has tax losses brought forward to offset against the estimated assessable profit in the PRC. No provision for the PRC enterprise income taxes was provided for the six months ended 30 June 2016 as the subsidiaries operated in the PRC had no assessable profits.

9. Discontinued Operation

During the year 2016, the board of directors of the Company approved to abandon and ceased the manufacturing and sales of air-conditioners segment. The comparative unaudited condensed consolidated income statement and related notes have been represented as if the operation had been discontinued at the beginning of the comparative period.

An analysis of the results of discontinued operation is set out below:

	(Unaudited)		(Unaudited)	
	Three months ended 30 June		Six months ended 30 June	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	-	-	-	-
Cost of sales	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Gross profit	-	-	-	-
Other revenue	-	4	-	12
Other gains and losses	-	(1,164)	-	(1,162)
Selling and distribution expenses	-	2	-	-
Administrative expenses	-	(479)	-	(921)
	<hr/>	<hr/>	<hr/>	<hr/>
Loss before taxation	-	(1,637)	-	(2,071)
Taxation	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Loss for the period from discontinued operation	-	(1,637)	-	(2,071)
	<hr/>	<hr/>	<hr/>	<hr/>
Loss for the period from discontinued operation attributable to				
Owners of the Company	-	(835)	-	(1,056)
Non-controlling interests	-	(802)	-	(1,015)
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	-	(1,637)	-	(2,071)
	<hr/>	<hr/>	<hr/>	<hr/>

10. Loss per Share

	(Unaudited)		(Unaudited)	
	Three months ended 30 June		Six months ended 30 June	
	2017	2016	2017	2016
		(restated)		(restated)
Loss attributable to the owners of the Company (HK\$)				
– for continuing and discontinued operations	(335,000)	(7,846,000)	(2,416,000)	(31,339,000)
– for continuing operations	(335,000)	(7,011,000)	(2,416,000)	(30,283,000)
Weighted average number of ordinary shares in issue	901,277,718	613,766,689	807,824,685	613,766,689
Basic loss per share (HK cents)				
– for continuing and discontinued operations	(0.04)	(1.28)	(0.30)	(5.11)
– for continuing operations	(0.04)	(1.14)	(0.30)	(4.93)

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.

Pursuant to the share consolidation became effective on 8 December 2016, the issued share capital of the Company was consolidated from 4,606,129,000 shares of HK\$0.005 each to 575,766,125 consolidated shares of HK\$0.04 each.

On 4 January 2017, the Company and the subscribers entered into the subscription agreements pursuant to which the Company issued 115,153,225 new ordinary shares of the Company of HK\$0.04 each at the subscription price of HK\$0.329 per subscription share on 18 January 2017.

On 29 March 2017, the Company entered an underwriting agreement with an underwriter in connection with the Rights Issue (as defined below). The Company proposed to issue a total of 345,459,675 new ordinary shares of the Company of HK\$0.04 each at a subscription price of HK\$0.30 per rights share to the shareholders of the Company on the basis of one rights share for every two shares held on the record date, 13 April 2017 (the "Rights Issue"). All conditions set out in the underwriting agreement had been fulfilled on 5 May 2017 and the rights shares were issued on 12 May 2017.

The basic and diluted loss per share for the six months ended 30 June 2017 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 2016: same).

11. Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2017 (2016: Nil).

12. 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 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 2016 and 30 June 2017 161,869

Accumulated impairment:

Balance at 31 December 2016 and 30 June 2017 57,357

Carrying amounts:

Balance at 30 June 2017 **104,512**

Balance at 31 December 2016 104,512

13. Goodwill

HK\$'000

Cost:

Balance at 31 December 2016 and 30 June 2017 10,939

Accumulated impairment:

Balance at 31 December 2016 and 30 June 2017 -

Carrying amounts:

Balance at 30 June 2017 **10,939**

Balance at 31 December 2016 10,939

The carrying amount of goodwill was allocated to groups of cash-generating units as follows:

	(Unaudited)	(Audited)
	As at	As at
	30 June	31 December
	2017	2016
	HK\$'000	HK\$'000
Money lending business	869	869
Securities trading business	10,070	10,070
	10,939	10,939

14. Trade Receivables

	(Unaudited)	(Audited)
	As at	As at
	30 June	31 December
	2017	2016
	HK\$'000	<i>HK\$'000</i>
Trade receivables from securities trading business		
– Cash clients	4,532	3,352
– Margin clients	137	421
– Clearing house	5,855	3,497
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	10,524	7,270
Trade receivables	72,161	62,385
	<hr/>	<hr/>
	82,685	69,655
	<hr/>	<hr/>

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 settlement term of trade receivables arising from securities trading business is normally 2 days after trade date. No ageing analysis for securities trading business is disclosed as, in the opinion of the directors of the Company, the ageing analysis for securities trading business does not give additional value in view of its business nature.

The average credit periods on sales of goods are 30-270 days (2016: 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)	(Audited)
	As at	As at
	30 June	31 December
	2017	2016
	HK\$'000	<i>HK\$'000</i>
0-90 days	72,161	62,385
Over 90 days	–	–
	<hr/>	<hr/>
	72,161	62,385
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As at 30 June 2017, trade receivables that were neither past due nor impaired related to customers for whom there were no recent history of default. As at 31 December 2016, trade receivables of approximately HK\$58,914,000 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
	2017	2016
	HK\$'000	HK\$'000
0–90 days	–	58,914
Over 90 days	–	–
	<hr/>	<hr/>
	–	58,914
	<hr/> –	<hr/> 58,914

15. Other Receivables, Deposits and Prepayments

	(Unaudited)	(Audited)
	As at	As at
	30 June	31 December
	2017	2016
	HK\$'000	HK\$'000
Deposit paid and prepayments to suppliers	14,761	14,390
Other receivables and deposits	2,990	2,440
Value added tax receivables	6,486	6,586
	<hr/>	<hr/>
	24,237	23,416
	<hr/> 24,237	<hr/> 23,416

16. Loans Receivable

	(Unaudited)	(Audited)
	As at	As at
	30 June	31 December
	2017	2016
	HK\$'000	HK\$'000
Loans receivable	28,400	26,000
Interest receivables	514	1,203
	<hr/>	<hr/>
	28,914	27,203
	<hr/> 28,914	<hr/> 27,203

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The maturity profile of the loans receivable 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
	2017	2016
	HK\$'000	HK\$'000
<i>Receivables:</i>		
Within one year	28,914	27,203

The Group's loans receivable, which arise from the money lending business in Hong Kong, are denominated in Hong Kong dollars. All loans receivable are unsecured, bear interest and receivable 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 loans receivable. Loans receivable are interest-bearing at rates of range from 9.0% to 31.8% (2016: 24.0%) per annum.

17. 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 2017 and 31 December 2016 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
	2017	2016
	HK\$'000	HK\$'000
Listed securities		
– Equity securities – Hong Kong (level 1)	9,388	6,830

For fair value changes of financial assets at fair value through profit and loss, the unrealised gain or loss on financial assets at fair value through profit or loss is recorded in the unaudited condensed consolidated income statement.

The fair value of all equity securities is based on their closing prices at 30 June 2017 and 31 December 2016 in an active market.

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18. Trade Payables

	(Unaudited) As at 30 June 2017 HK\$'000	(Audited) As at 31 December 2016 HK\$'000
Trade payables from securities trading business		
– Cash clients	6,841	4,110
– Clearing house	3,875	2,667
	<hr/>	<hr/>
	10,716	6,777
Trade payables	4,995	4,878
	<hr/>	<hr/>
	15,711	11,655
	<hr/>	<hr/>

For securities trading business, the settlement terms of trade payables to cash clients and clearing house is 2 days after trade date. No ageing analysis for securities trading business is disclosed as, in the opinion of the directors of the Company, the ageing analysis does not give additional value in view of its business nature.

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

	(Unaudited) As at 30 June 2017 HK\$'000	(Audited) As at 31 December 2016 HK\$'000
0–90 days	–	91
91–180 days	–	–
181–365 days	91	–
Over 365 days	4,904	4,787
	<hr/>	<hr/>
	4,995	4,878
	<hr/>	<hr/>

19. Accruals and Other Payables

	(Unaudited) As at 30 June 2017 HK\$'000	(Audited) As at 31 December 2016 HK\$'000
Accruals	480	1,813
Receipt in advances	4,920	4,129
Other payables	1,770	1,661
Interest payables	–	497
	<hr/>	<hr/>
	7,170	8,100
	<hr/>	<hr/>

20. Amounts Due to a Related Party

The amounts due to a related party is unsecured, interest-free and repayable on demand.

21. Finance Leases Payables

	Minimum lease payments		Present value of minimum lease payment	
	(Unaudited) As at 30 June 2017 HK\$'000	(Audited) As at 31 December 2016 HK\$'000	(Unaudited) As at 30 June 2017 HK\$'000	(Audited) As at 31 December 2016 HK\$'000
<i>Amounts payable under finance leases:</i>				
Within one year	106	106	94	92
Between one to five years	266	319	253	300
	<u>372</u>	<u>425</u>	<u>347</u>	<u>392</u>
Less: Future finance charges	(25)	(33)	–	–
	<u>347</u>	<u>392</u>	<u>347</u>	<u>392</u>

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 leases are denominated in Hong Kong dollars and its carrying amount approximate its fair value. The Group's obligations under finance leases are secured by the lessor's title to the leased assets.

As at 30 June 2017, the finance leases payables of the Group with carrying amounts of approximately HK\$347,000 (31 December 2016: approximately HK\$392,000) were secured by the lessor's charge over the leased assets with carrying amount of approximately HK\$445,000 (31 December 2016: approximately HK\$514,000).

22. Other Borrowings

	(Unaudited) As at 30 June 2017 HK\$'000	(Audited) As at 31 December 2016 HK\$'000
Other borrowings due within one year	–	21,000

As at 30 June 2017, the Group has no outstanding other borrowings. As at 31 December 2016, the Group entered into four loan agreements with the independent third parties for borrowings of approximately HK\$21,000,000, in which principal amount of HK\$10,000,000 secured by the financial assets at fair value through profit or loss held by the Group. The remaining principal balances of outstanding borrowings were unsecured. The other borrowings carried fixed interest rates range from 3.0% to 3.5% per month.

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23. Share Capital

	Number of shares	Amount HK\$'000
<i>Authorised:</i>		
Ordinary shares of HK\$0.04 each at 31 December 2016, 1 January 2017 and 30 June 2017	5,000,000,000	200,000
<i>Issued and fully paid:</i>		
Ordinary shares of HK\$0.04 each at 31 December 2016 and 1 January 2017	575,766,125	23,031
Issue of the new shares by subscription (<i>note 1</i>)	115,153,225	4,606
Issue of rights shares (<i>note 2</i>)	345,459,675	13,818
Ordinary shares of HK\$0.04 each at 30 June 2017	1,036,379,025	41,455

Notes:

1. On 4 January 2017, the Company and the subscribers entered into the subscription agreements pursuant to which the Company has conditionally agreed to allot and issue, and the subscribers have agreed to subscribe for a total of 115,153,225 new ordinary shares of nominal value of HK\$4,606,129 in the capital of the Company at the subscription price of HK\$0.329 per subscription share. The gross proceeds raised from the subscription in aggregate amount was approximately HK\$37,885,000. The subscription was completed on 18 January 2017. Details of the subscription are set out in the Company's announcements dated 4 January 2017 and 18 January 2017.
2. On 29 March 2017, the Company entered an underwriting agreement with an underwriter in connection with the Rights Issue (as defined below). The Company proposed to issue a total of 345,459,675 new ordinary shares of nominal value of HK\$13,818,387 in the capital of the Company at a subscription price of HK\$0.3 per rights share to the shareholders of the Company on the basis of one rights share for every two shares held on the record date, 13 April 2017 ("Rights Issue"). The gross proceeds raised from the Rights Issue was approximately HK\$103,638,000. The Rights Issue was completed on 12 May 2017, details please refer to the announcements of the Company dated 29 March 2017 and 11 May 2017; and the prospectus of the Company dated 18 April 2017.

24. 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 at 31 December 2016, there was 15,070,455 share options remained outstanding and the subscription price per share option was adjusted to HK\$1.752 per share option after taking into account of the effect of the open offer in April 2015 and share consolidation in December 2016. As at 30 June 2017, there are 5,482,971 share options remained outstanding and the subscription price per share option was adjusted to HK\$1.644 per share option after taking into account of the effect of the rights issue completed in May 2017.

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. As at 31 December 2016, there was 45,737,657 share options remained outstanding and the subscription price per share option was adjusted to HK\$0.520 per share option after taking into account of the effect of the share consolidation in December 2016. As at 30 June 2017, there are 24,518,000 share options remained outstanding and the subscription price per share option was adjusted to HK\$0.488 per share option after taking into account of the effect of the rights issue completed in May 2017.

As at 30 June 2017, there are outstanding options entitling the share options holders thereof to subscribe for up to an aggregate of 30,000,971 shares, of which 5,482,971 outstanding options have an exercise price of HK\$1.644 per share and 24,518,000 outstanding options have an exercise price of HK\$0.488 per share.

25. Operating Leases Commitments

The Group as lessee

As at 30 June 2017, the total future minimum lease payments of the Group under non-cancellable operating leases in respect of rented premises are payable as follows:

	(Unaudited)	(Audited)
	As at	As at
	30 June	31 December
	2017	2016
	HK\$'000	HK\$'000
Within one year	3,993	4,203
Between one to five years	4,930	6,888
	8,923	11,091

26. 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	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Salaries and fees	555	780	1,180	1,560
Pension costs – defined contribution scheme (Mandatory Provident Fund Scheme)	13	4	22	9
Equity-settled share-based payments	–	–	–	6,072
	568	784	1,202	7,641

27. Contingent Liabilities

As at 30 June 2017, the Group did not have any significant contingent liabilities (31 December 2016: Nil).

28. Comparative Figures

The comparative unaudited condensed consolidated financial statements have been re-presented as the segment of the manufacturing and sales of air-conditioners was discontinued during the year 2016. Certain comparative amounts have been reclassified to conform to the current period's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is principally engaged in (i) rental of energy-saving air-conditioners, (ii) trading business, (iii) the operations of carbon emission trading platform and related services, (iv) money lending business and (v) securities trading business.

BUSINESS REVIEW AND PROSPECT

Rental of Air-conditioners

For the six months ended 30 June 2017, the Group recorded approximately HK\$1,838,000 of revenue from the rental business of energy-saving air-conditioners, representing an increase of approximately 34.26% compared with the last corresponding period of approximately HK\$1,369,000. Loss of this segment decreased by approximately 27.90% from approximately HK\$6,175,000 for the six months ended 30 June 2016 to approximately HK\$4,452,000 for the six months ended 30 June 2017. The Group expected that the revenue of this segment will grow at a reasonable rate.

Trading Business

For the six months ended 30 June 2017, revenue from trading business was major revenue of the Group amounted to approximately HK\$137,926,000, representing an increase of approximately 4.25% compared with the last corresponding period of approximately HK\$132,306,000. 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. Profit of this segment increased by approximately 399.76% from approximately HK\$1,249,000 for the period ended 30 June 2016 to approximately HK\$6,242,000 for the period ended 30 June 2017. The improved performance for this segment was due to the higher gross profit margin and the benefits of cost cutting measures.

The Carbon Emission Trading Platform and Related Services

The Group has no revenue from the operations of carbon emission trading platform ("CETP") for the periods ended 30 June 2017 and 2016. Loss of this segment decreased by approximately 60.86% from approximately HK\$2,634,000 for the period ended 30 June 2016 to approximately HK\$1,031,000 for the period ended 30 June 2017. The Group is considering different ways to broaden the revenue base of the CETP and has taken appropriate measures to reduce the costs.

Money Lending Business

The Group recorded loans interest income of approximately HK\$1,194,000 from this business for the period ended 30 June 2017 (30 June 2016: approximately HK\$3,698,000). The profit of this segment was approximately HK\$516,000 for the six months ended 30 June 2017 (30 June 2016: approximately HK\$2,490,000). Loan portfolio (excluding loan interest receivables) was approximately HK\$28,400,000 as at 30 June 2017 (30 June 2016: approximately HK\$26,000,000). There was no default event happened in respect of the Group's loan portfolio during the period under review.

Securities Trading Business

The Group commenced its securities trading business to provide brokerage services and securities margin financing to clients in July 2016. The Group recorded approximately HK\$1,112,000 of revenue from securities trading business for the period ended 30 June 2017. The loss of this segment was approximately HK\$1,452,000 for the period ended 30 June 2017. The Group expects to expand its securities margin financing to clients and to provide online trading services by the end of August 2017 in order to facilitate the ease of securities trading and hence improve the performance of this segment.

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 2017, the Group's unaudited consolidated revenue from continuing operations was approximately HK\$142,070,000 (30 June 2016: approximately HK\$137,373,000) which increased approximately by 3.42% comparing with the corresponding period of last year. The administrative expenses of the Group for the six months ended 30 June 2017 amounted to approximately HK\$15,669,000 (30 June 2016: approximately HK\$37,045,000) representing a decrease of approximately 57.70% comparing with the corresponding period of last year. The decrease in administrative expenses was mainly due to no equity-settled share-based payments recognised for the period ended 30 June 2017 (30 June 2016: approximately HK\$16,100,000).

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The other gains and losses of the Group for the six months ended 30 June 2017 amounted to approximately HK\$2,554,000 of gain (30 June 2016: loss of approximately HK\$1,563,000). The improvement in other gains and losses was mainly due to the record of approximately HK\$2,558,000 of unrealised gain on financial assets at fair value through profit or loss for the period ended 30 June 2017 (30 June 2016: unrealised loss of approximately HK\$1,539,000).

Loss attributable to owners of the Company for the six months ended 30 June 2017 amounted to approximately HK\$2,416,000 (30 June 2016: approximately HK\$31,339,000), representing a decrease in loss of approximately 92.29% comparing with the corresponding period of last year. Excluding the effect of equity-settled share-based payments and unrealised gain or loss on financial assets at fair value through profit or loss, non-cash items, the loss attributable to owners of the Company for the six months ended 30 June 2017 amounted to approximately HK\$4,974,000 (30 June 2016: approximately HK\$13,700,000), representing a decrease in loss of approximately 63.69% comparing with the corresponding period of last year. The decrease in the loss attributable to owners of the Company was mainly due to the decrease in administrative expenses such as staff costs, legal and professional fees and rental expenses and the improved performance of trading business.

Liquidity and financial resources

As at 30 June 2017, the Group had total assets of approximately HK\$424,024,000 (31 December 2016: approximately HK\$305,124,000), including net cash and bank balances of approximately HK\$118,467,000 (31 December 2016: approximately HK\$13,925,000).

As at 30 June 2017, current ratio (defined as total current assets divided by total current liabilities) was approximately 11.37 (31 December 2016: approximately 3.45). As at 30 June 2017, the Group had approximately HK\$299,000 of amounts due to a related party which is unsecured, interest-free and repayable on demand (31 December 2016: approximately HK\$290,000) and had no other borrowing (31 December 2016: approximately HK\$21,000,000).

As at 30 June 2017, the Group had finance leases payables of approximately HK\$347,000 (31 December 2016: approximately HK\$392,000) which was 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 2017 (31 December 2016: approximately 0.03).

For the six months ended 30 June 2017, the Group financed its operations with fund raising.

The pledge of Group assets

Save as the finance leases entered by the Group, none of the assets of the Group has been pledged to secure any loan granted to the Group as at 30 June 2017. As at 31 December 2016, the Group has pledged financial assets at fair value through profit or loss to secure part of the other borrowings granted to the Group and a leased asset was used to secure the outstanding finance leases payables.

Capital structure

As at 30 June 2017, the Group had shareholders' capital of approximately HK\$41,455,000 (31 December 2016: approximately HK\$23,031,000). The shareholders' capital of the Company is constituted of 1,036,379,025 shares (31 December 2016: 575,766,125 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 2017 were principally denominated either in Hong Kong dollars ("HK\$") or Renminbi ("RMB"), and most of the assets and liabilities as at 30 June 2017 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 Group's subsidiary which operates a carbon emission trading platform is susceptible to information technology risk. The Group's money lending business and securities trading business are subject to credit risk. Moreover, the Group's trading business is subject to foreign currency risk.

Employees and remuneration policies

As at 30 June 2017, the Group had 55 full-time employees (31 December 2016: 60) 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 2017 (2016: Nil).

MAJOR EVENTS DURING THE REPORTING PERIOD

Subscription of new shares under general mandate

On 4 January 2017, the Company and the subscribers entered into the subscription agreements pursuant to which the Company has conditionally agreed to allot and issue, and the subscribers have agreed to subscribe for a total of 115,153,225 new ordinary shares of nominal value of HK\$4,606,129 in the capital of the Company at the subscription price of HK\$0.329 per subscription share. The gross proceeds raised from the subscription in aggregate amount was approximately HK\$37,885,000. The subscription was completed on 18 January 2017. Details of the subscription are set out in the Company's announcements dated 4 January 2017 and 18 January 2017.

Rights issue

On 29 March 2017, the Company entered an underwriting agreement with an underwriter in connection with the Rights Issue (as defined below). The Company proposed to issue a total of 345,459,675 new ordinary shares of nominal value of HK\$13,818,387 in the capital of the Company at a subscription price of HK\$0.3 per rights share to the shareholders of the Company on the basis of one rights share for every two shares held on the record date, 13 April 2017 ("Rights Issue"). The gross proceeds raised from the Rights Issue was approximately HK\$103,638,000. The Rights Issue was completed on 12 May 2017, details please refer to the announcements of the Company dated 29 March 2017 and 11 May 2017; and the prospectus of the Company dated 18 April 2017.

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 2017.

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

As at 30 June 2017, 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	Number of shares held	Percentage of the issued share capital of the Company
Chan Kwok Wing	9,937,119	–	0.96%
Shi Guang Rong	–	129,547,378	12.50%

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 2017 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 2017, the Company has 30,000,971 options outstanding which represented approximately 2.89% 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 2017:

Category of participants	Date of share options granted	Outstanding at beginning of the period	Granted during the period	Exercised during the period	Adjusted during the period	Lapsed during the period	Outstanding at end of the period	Adjusted exercise price HK\$	Exercise period
Directors	8 January 2015	5,286,375	-	-	235,744	(1,714,500)	3,807,619	1.644	8 January 2015 – 9 May 2022
	18 January 2016	11,500,000	-	-	379,500	(5,750,000)	6,129,500	0.488	18 January 2016 – 9 May 2022
Employees and adviser	8 January 2015	9,784,080	-	-	546,925	(8,655,653)	1,675,352	1.644	8 January 2015 – 9 May 2022
	18 January 2016	34,237,657	-	-	1,518,000	(17,367,157)	18,388,500	0.488	18 January 2016 – 9 May 2022
		<u>60,808,112</u>	<u>-</u>	<u>-</u>	<u>2,680,169</u>	<u>(33,487,310)</u>	<u>30,000,971</u>		

Adjustments was made to the exercise price and the number of shares of the Company comprised in the outstanding share options which may be allotted and issued upon exercise as a result of the rights issue completed on 12 May 2017. Details of the adjustments to the outstanding share options, please refer to the announcement of the Company dated 11 May 2017.

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

As at 30 June 2017, 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
Mr. Shi Guang Rong <i>(note 1)</i>	129,547,378	Beneficial owner	12.50%
Yuxing InfoTech Investment Holdings Limited <i>(note 2)</i>	80,880,000	Interest in controlled corporation	7.80%
Yuxing Group (International) Limited <i>(note 2)</i>	80,880,000	Interest in controlled corporation	7.80%
Yuxing Technology Company Limited <i>(note 2)</i>	80,880,000	Beneficial owner	7.80%
Mr. Zhu Wei Sha	63,025,408	Beneficial owner	6.08%

Notes:

1. Mr. Shi Guang Rong is the substantial shareholder and the non-executive Director of the Company.
2. 80,880,000 shares of the Company are held by Yuxing Technology Company Limited which is a wholly-owned subsidiary of Yuxing Group (International) Limited, which in turn is wholly owned by Yuxing InfoTech Investment Holdings Limited. By virtue of the provisions of Part XV of the SFO, each of Yuxing Group (International) Limited and Yuxing InfoTech Investment Holdings Limited was deemed to be interested in the shares of the Company in which Yuxing Technology Company Limited was interested.

Save as disclosed above, as at 30 June 2017, 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 20 and Note 26 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 2017.

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 2017 except the code provision A.2.1 of the CG Code as disclosed below.

DISTINCTIVE ROLES OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. As at the date of this report, Mr. Chan Kwok Wing is the chief executive officer of the Group. 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), Ms. Sun Ching and Ms. Wong Mei Ling, 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 2017 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 2017.

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

Executive Directors:

Mr. Chan Kwok Wing

Mr. Wang An Zhong

Non-executive Director:

Mr. Shi Guang Rong

Independent non-executive Directors:

Mr. Leung Wah

Ms. Sun Ching

Ms. Wong Mei Ling

By order of the Board

Global Energy Resources International Group Limited

Chan Kwok Wing

Chief Executive Officer and Executive Director

Hong Kong, 10 August 2017