



Global Energy Resources International Group Limited

(continued in Bermuda with limited liability)

Stock Code: 8192



2017
THIRD QUARTERLY REPORT

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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

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

RESULTS

The board of Directors of the Company (the “Board”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months and nine months ended 30 September 2017 respectively, together with the comparative unaudited figures for the corresponding periods in 2016 as follows:

Unaudited Condensed Consolidated Income Statement

	Note	Three months ended 30 September		Nine months ended 30 September	
		2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000
Continuing operations					
Revenue	3	4,631	72,170	146,701	209,543
Cost of sales		(3,516)	(67,504)	(135,779)	(196,909)
Gross profit		1,115	4,666	10,922	12,634
Other revenue	3	175	106	370	111
Other gains and losses	4	646	749	3,200	(814)
Selling and distribution expenses		(480)	(856)	(1,172)	(1,833)
Administrative expenses		(7,499)	(12,229)	(23,168)	(49,274)
Loss from operations		(6,043)	(7,564)	(9,848)	(39,176)
Finance costs	6	(3)	(1,803)	(796)	(1,831)
Loss before taxation	7	(6,046)	(9,367)	(10,644)	(41,007)
Income tax credit/(expense)	8	-	18	-	(258)
Loss for the period from continuing operations		(6,046)	(9,349)	(10,644)	(41,265)
Discontinued operation					
Loss for the period from discontinued operation	9	-	(3,316)	-	(5,387)
Loss for the period		(6,046)	(12,665)	(10,644)	(46,652)

		Three months ended 30 September		Nine months ended 30 September		
		2017	2016	2017	2016	
Note		HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Loss for the period attributable to						
	Owners of the Company	(5,105)	(10,468)	(7,521)	(41,807)	
	Non-controlling interests	(941)	(2,197)	(3,123)	(4,845)	
		<u>(6,046)</u>	<u>(12,665)</u>	<u>(10,644)</u>	<u>(46,652)</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>(0.49)</u>	<u>(1.71)</u>	<u>(0.85)</u>	<u>(6.81)</u>
For continuing operations						
	– Basic and diluted (HK cents)	10	<u>(0.49)</u>	<u>(1.43)</u>	<u>(0.85)</u>	<u>(6.36)</u>

Unaudited Condensed Consolidated Statement of Comprehensive Income

	Three months ended		Nine months ended	
	30 September		30 September	
	2017	2016	2017	2016
<i>Note</i>	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss for the period	(6,046)	(12,665)	(10,644)	(46,652)
Other comprehensive income/(loss) for the period, net of income tax				
Item that may be subsequently reclassified to profit or loss:				
Exchange differences on translation of foreign operations	2,219	(617)	6,005	(3,833)
Total comprehensive loss for the period	(3,827)	(13,282)	(4,639)	(50,485)
Other comprehensive loss for the period attributable to				
Owners of the Company	(3,634)	(11,098)	(1,987)	(45,639)
Non-controlling interests	(193)	(2,184)	(2,652)	(4,846)
	(3,827)	(13,282)	(4,639)	(50,485)

Notes to the Unaudited Condensed Consolidated Financial Statements

1. General Information

The Company is a limited liability company incorporated in the Cayman Islands and continued in Bermuda. The address of the Company's registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business is Room 3008-10, 30th Floor, Tower 6, The Gateway, Harbour City, 9 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong. The Company's shares have been listed on GEM of the Stock Exchange with effect from 29 November 2002.

The principal activity of the Company is investment holding. The subsidiaries are principally engaged in (i) 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

The Group's unaudited condensed consolidated results have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") (the "New HKFRSs"). The unaudited condensed consolidated results also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the GEM Listing Rules.

The accounting policies adopted in preparing the unaudited condensed consolidated results for the nine months ended 30 September 2017 are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2016 (the "2016 Financial Statements"), except for the amendments and interpretations of HKFRSs issued by HKICPA which have become effective in this period as detailed in the notes of the 2016 Financial Statements. The adoption of the New HKFRSs has no material impact on the accounting policies in the Group's condensed consolidated financial statements for the period.

3. Revenue

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:

	Three months ended 30 September		Nine months ended 30 September	
	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000
Revenue				
Rental of air-conditioners	1,478	1,591	3,316	2,960
Trading business	1,682	68,278	139,608	200,584
Money lending business	780	1,764	1,974	5,462
Securities trading business	691	537	1,803	537
	<u>4,631</u>	<u>72,170</u>	<u>146,701</u>	<u>209,543</u>
Other revenue				
Interest income	18	12	53	17
Sundry income	157	94	317	94
	<u>175</u>	<u>106</u>	<u>370</u>	<u>111</u>

4. Other Gains and Losses

Continuing operations:

	Three months ended 30 September		Nine months ended 30 September	
	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000
Exchange gain, net	53	27	51	3
Net gain/(loss) on financial assets at fair value through profit or loss	593	722	3,149	(817)
	<u>646</u>	<u>749</u>	<u>3,200</u>	<u>(814)</u>

Global Energy Resources International Group Limited

Third Quarterly Report 2017

5. Segment Information

Information reported to executive Directors 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 September 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 September 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	3,316	139,608	–	1,974	1,803	146,701
Segment results	(6,323)	4,650	(1,793)	926	(1,854)	(4,394)
Other revenue						370
Other gains and losses						51
Net gain on financial assets at fair value through profit or loss						3,149
Central administrative costs						(9,024)
Finance costs						(796)
Loss before taxation						(10,644)

Global Energy Resources International Group Limited

Third Quarterly Report 2017

For the period ended 30 September 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	2,960	200,584	–	5,462	537	209,543
Segment results	(8,939)	2,566	(4,794)	3,489	(437)	(8,175)
Other revenue						111
Other gains and losses						3
Net loss on financial assets at fair value through profit or loss						(817)
Central administrative costs						(30,298)
Finance costs						(1,831)
Loss before taxation						(41,007)

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

6. Finance Costs

Continuing operations:

	Three months ended 30 September		Nine months ended 30 September	
	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000
Interest expenses on other borrowings				
– secured and wholly repayable				
within one year	–	145	320	145
– unsecured and wholly repayable				
within one year	–	1,636	465	1,654
Interest expenses on bank overdrafts	–	18	–	18
Interest expenses on finance leases payables	3	4	11	14
	3	1,803	796	1,831

7. Loss before Taxation

Continuing operations:

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

	Three months ended 30 September		Nine months ended 30 September	
	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000
Directors' remuneration	552	710	1,754	2,279
Staff costs	2,763	3,250	8,902	10,881
Equity-settled share-based payments	-	-	-	16,100
Depreciation				
– Owned property, plant and equipment	2,712	2,501	8,113	6,714
– Leased property, plant and equipment	34	34	103	103
Operating lease rentals in respect of rented premises	1,157	1,933	3,443	5,750
Legal and professional fees	226	2,120	955	4,734
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

8. Taxation

Continuing operations:

	Three months ended 30 September		Nine months ended 30 September	
	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000
Current tax:				
PRC enterprise income tax	-	-	-	-
Hong Kong profits tax (credit)/expense	-	(18)	-	258
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	-	(18)	-	258

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 nine months ended 30 September 2017. No taxation on Hong Kong profits tax for the nine months ended 30 September 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 nine months ended 30 September 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 nine months ended 30 September 2017 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:

	Three months ended 30 September		Nine months ended 30 September	
	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000
Revenue	-	-	-	-
Cost of sales	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Gross profit	-	-	-	-
Other revenue	-	6	-	18
Other gains and losses	-	(2,706)	-	(3,868)
Selling and distribution expenses	-	-	-	-
Administrative expenses	-	(616)	-	(1,537)
	<hr/>	<hr/>	<hr/>	<hr/>
Loss before taxation	-	(3,316)	-	(5,387)
Taxation	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Loss for the period from discontinued operation	-	(3,316)	-	(5,387)
	<hr/>	<hr/>	<hr/>	<hr/>
Loss for the period from discontinued operation attributable to				
Owners of the Company	-	(1,691)	-	(2,747)
Non-controlling interests	-	(1,625)	-	(2,640)
	<hr/>	<hr/>	<hr/>	<hr/>
	-	(3,316)	-	(5,387)
	<hr/>	<hr/>	<hr/>	<hr/>

Global Energy Resources International Group Limited

Third Quarterly Report 2017

10. Loss per Share

	Three months ended 30 September 2017		2016 (restated)		Nine months ended 30 September 2017		2016 (restated)	
Loss attributable to owners of the Company (HK\$)								
– for continuing and discontinued operations	(5,105,000)	(10,468,000)	(7,521,000)	(41,807,000)				
– for continuing operations	(5,105,000)	(8,777,000)	(7,521,000)	(39,060,000)				
Weighted average number of ordinary shares in issue	1,036,379,025	613,766,689	884,846,661	613,766,689				
Basic loss per share (HK cents)								
– for continuing and discontinued operations	(0.49)	(1.71)	(0.85)	(6.81)				
– for continuing operations	(0.49)	(1.43)	(0.85)	(6.36)				

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 nine months ended 30 September 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 September 2016: same).

11. Dividend

The Board does not recommend the payment of a dividend for the nine months ended 30 September 2017 (2016: Nil).

12. Unaudited Condensed Consolidated Statement of Changes in Equity

Movements in reserves during the periods are as follows:

	Attributable to owners of the Company										Non- controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Capital reserve HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Statutory reserve HK\$'000	Share-based payment reserve HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Sub-total 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	-	-	-	-	-	-	-	(41,807)	(41,807)	(4,845)	(46,652)	
Other comprehensive loss, net of income tax: Exchange differences on translating foreign operations	-	-	-	-	-	-	(3,832)	-	(3,832)	(1)	(3,833)	
Total comprehensive loss for the period	-	-	-	-	-	-	(3,832)	(41,807)	(45,639)	(4,846)	(50,485)	
At 30 September 2016 (Unaudited)	23,031	1,030	514,940	11	324	34,875	(11,212)	(253,333)	309,666	(2,114)	307,552	

Global Energy Resources International Group Limited
Third Quarterly Report 2017

	Attributable to owners of the Company										
	Share capital HK\$'000	Capital reserve HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Statutory reserve HK\$'000	Share-based payment reserve HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
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	13,818	-	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	18,424	-	119,198	-	-	(20,371)	-	20,371	137,622	-	137,622
Net loss for the period	-	-	-	-	-	-	-	(7,521)	(7,521)	(3,123)	(10,644)
Other comprehensive income, net of income tax: Exchange differences on translating foreign operations	-	-	-	-	-	-	5,534	-	5,534	471	6,005
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	5,534	(7,521)	(1,987)	(2,652)	(4,639)
At 30 September 2017 (Unaudited)	41,455	1,030	634,138	11	324	14,504	(10,927)	(273,730)	406,805	(10,135)	396,670

13. 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 nine months ended 30 September 2017, the Group recorded approximately HK\$3,316,000 of revenue from the rental business of energy-saving air-conditioners, representing an increase of approximately 12.03% compared with the last corresponding period of approximately HK\$2,960,000. Loss of this segment decreased by approximately 29.74% from approximately HK\$8,999,000 for the nine months ended 30 September 2016 to approximately HK\$6,323,000 for the nine months ended 30 September 2017. The Group expected that the revenue of this segment will grow at a reasonable rate.

Trading Business

For the nine months ended 30 September 2017, revenue from trading business was major revenue of the Group amounted to approximately HK\$139,608,000, representing a decrease of approximately 30.40% compared with the last corresponding period of approximately HK\$200,584,000. 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 81.22% from approximately HK\$2,566,000 for the period ended 30 September 2016 to approximately HK\$4,650,000 for the period ended 30 September 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 September 2017 and 2016. Loss of this segment decreased by approximately 62.60% from approximately HK\$4,794,000 for the period ended 30 September 2016 to approximately HK\$1,793,000 for the period ended 30 September 2017. The Group is considering different ways to broaden the revenue base of the CETP and has taken approximate measures to reduce the costs.

Money Lending Business

The Group recorded loans interest income of approximately HK\$1,974,000 from the money lending business for the period ended 30 September 2017, representing a decrease of approximately 63.86% compared with the last corresponding period of approximately HK\$5,462,000. The profit of this segment decreased by approximately 73.46% from approximately HK\$3,489,000 for the period ended 30 September 2016 to approximately HK\$926,000 for the period ended 30 September 2017. Loans receivable is interest-bearing at a range of rate between 9.00% and 31.80% per annum (30 September 2016: 24.00% and 31.80% per annum). There was no default event happened in respect of the Group’s loan portfolio during the period under review.

Securities Trading Business

Revenue from securities trading business became a stable revenue of the Group since the Group commenced its securities trading business in July 2016. The Group recorded approximately HK\$1,803,000 of revenue from securities trading business for the period ended 30 September 2017, representing an increase of approximately 235.75% compared with the last corresponding period of approximately HK\$537,000. Loss of this segment increased by approximately 324.26% from approximately HK\$437,000 for the period ended 30 September 2016 to approximately HK\$1,854,000 for the period ended 30 September 2017. The Group has launched online securities trading services in August 2017 to facilitate the ease of securities trading. The Group is looking for a feasible way to expand the securities trading business and hence improve its performance.

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 nine months ended 30 September 2017, the Group's unaudited consolidated revenue from continuing operations was approximately HK\$146,701,000 (30 September 2016: approximately HK\$209,543,000) which decreased approximately by 29.99% comparing with the corresponding period of last year. The administrative expenses of the Group for the nine months ended 30 September 2017 amounted to approximately HK\$23,168,000 (30 September 2016: approximately HK\$49,274,000) representing a decrease of approximately 52.98% comparing with the corresponding period of last year. The decrease in administrative expenses was mainly due to no equity-settled share-based payments was recognised for the period ended 30 September 2017 (30 September 2016: approximately HK\$16,100,000).

The other gains and losses of the Group for the nine months ended 30 September 2017 amounted to a gain of approximately HK\$3,200,000 (30 September 2016: a loss of approximately HK\$814,000). The improvement in other gains and losses was mainly due to the record of net gain on financial assets at fair value through profit or loss of approximately HK\$3,149,000 for the period ended 30 September 2017 (30 September 2016: net loss of approximately HK\$817,000).

Loss attributable to owners of the Company for the nine months ended 30 September 2017 amounted to approximately HK\$7,521,000 (30 September 2016: approximately HK\$41,807,000), representing a decrease in loss of approximately 82.01% comparing with the corresponding period of last year. Excluding the effect of equity-settled share-based payments, the loss attributable to owners of the Company for the nine months ended 30 September 2017 amounted to approximately HK\$7,521,000 (30 September 2016: approximately HK\$25,707,000), representing a decrease in loss of approximately 70.74% comparing with the corresponding period of last year. The decrease in the loss attributable to owners of the Company was mainly due to the improvement in other gains and losses due to the reason mentioned above and the decrease in administrative expenses such as staff costs, legal and professional fees and rental expenses and the improved performance of trading business.

DIVIDEND

The Board does not recommend the payment of a dividend for the nine months ended 30 September 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 nine months ended 30 September 2017.

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

As at 30 September 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
Mr. Chan Kwok Wing (resigned on 1 November 2017)	9,937,119	–	0.96%
Mr. 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 September 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 September 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 nine months ended 30 September 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 were 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 September 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%
Mr. Zhu Wei Sha	84,829,408	Beneficial owner	8.19%
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%

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 September 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

No contract of significance to which the Company or its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the nine months ended or at any time during the nine months ended 30 September 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 nine months ended 30 September 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 officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.

As at the date of this report, Ms. Ma Jian Ying is the chief executive officer of the Group. The position of the chairman of the Board is vacant until the appointment of Mr. Chen Ping as the chairman of the Board on 15 September 2017. Their respective responsibilities are clearly established and defined by the Board in writing. The chairman is responsible for ensuring that the Board is functioning properly, with good corporate governance practices and procedures, whilst the chief executive officer, supported by the executive Directors and senior management, is responsible for managing the Group's businesses, including the implementation of major strategies and initiatives adopted by the Board.

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 third quarterly results for the nine months ended 30 September 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 September 2017.

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

Executive Directors:

Mr. Chen Ping

Ms. Ma Jian Ying

Mr. Tsang Chun Kit, Terence

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

Ma Jian Ying

Chief Executive Officer and Executive Director

Hong Kong, 10 November 2017