



Global Energy Resources International Group Limited

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

2018

**FIRST
QUARTERLY
REPORT**



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

GEM has been positioned as a market designed to accommodate small and mid-sized 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.

Given that the companies listed on GEM are generally small and mid-sized companies, 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 and its subsidiaries (collectively, the “Group”). 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 Group for the three months ended 31 March 2018, together with the comparative unaudited figures for the corresponding period in 2017 as follows:

Unaudited Condensed Consolidated Income Statement

		Three months ended	
		31 March	
		2018	2017
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>
Revenue	3	40,991	69,213
Cost of sales		(37,668)	(64,329)
Gross profit		3,323	4,884
Other revenue	3	3	3
Other gains and losses	4	18,288	924
Selling and distribution expenses		(256)	(382)
Administrative expenses		(29,586)	(7,901)
Loss from operations		(8,228)	(2,472)
Finance costs	6	–	(789)
Loss before taxation	7	(8,228)	(3,261)
Taxation	8	–	–
Loss for the period		(8,228)	(3,261)

	<i>Notes</i>	Three months ended	
		31 March	
		2018	2017
		HK\$'000	HK\$'000
Loss for the period attributable to			
Owners of the Company		(5,271)	(2,081)
Non-controlling interests		(2,957)	(1,180)
		(8,228)	(3,261)
Loss per share for the period attributable to owners of the Company			
Basic and diluted (HK cents)	9	(0.51)	(0.29)

Unaudited Condensed Consolidated Statement of Comprehensive Income

	Notes	Three months ended	
		31 March 2018 HK\$'000	2017 HK\$'000
Loss for the period		(8,228)	(3,261)
Other comprehensive income for the period, net of income tax			
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		4,896	1,184
Total comprehensive loss for the period		(3,332)	(2,077)
Total comprehensive loss for the period attributable to			
Owners of the Company		(978)	(821)
Non-controlling interests		(2,354)	(1,256)
		(3,332)	(2,077)

Unaudited Condensed Consolidated Statement of Changes in Equity

For the three months ended 31 March 2018

	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 2017 (Audited)	23,031	1,030	514,940	11	324	34,875	(16,461)	(286,580)	271,170	(7,483)	263,687	
Issue of shares by subscription of new shares (Note i)	4,606	-	33,279	-	-	-	-	-	37,885	-	37,885	
Transaction costs attributable to subscription of new shares	-	-	(77)	-	-	-	-	-	(77)	-	(77)	
Transaction with owners	4,606	-	33,202	-	-	-	-	-	37,808	-	37,808	
Net loss for the period	-	-	-	-	-	-	-	(2,081)	(2,081)	(1,180)	(3,261)	
Other comprehensive income/(loss), net of income tax: Exchange differences on translation of foreign operations	-	-	-	-	-	-	1,260	-	1,260	(76)	1,184	
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	1,260	(2,081)	(821)	(1,256)	(2,077)	
At 31 March 2017 (Unaudited)	27,637	1,030	548,142	11	324	34,875	(15,201)	(288,661)	308,157	(8,739)	299,418	
At 1 January 2018 (Audited)	41,455	1,030	634,138	11	324	4,048	(8,562)	(306,945)	365,499	(7,941)	357,558	
Issue of share options (Note ii)	-	-	-	-	-	12,200	-	-	12,200	-	12,200	
Lapse of share options	-	-	-	-	-	(2,024)	-	2,024	-	-	-	
Transaction with owners	-	-	-	-	-	10,176	-	2,024	12,200	-	12,200	
Net loss for the period	-	-	-	-	-	-	-	(5,271)	(5,271)	(2,957)	(8,228)	
Other comprehensive income, net of income tax: Exchange differences on translation of foreign operations	-	-	-	-	-	-	4,293	-	4,293	603	4,896	
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	4,293	(5,271)	(978)	(2,354)	(3,332)	
At 31 March 2018 (Unaudited)	41,455	1,030	634,138	11	324	14,224	(4,269)	(310,192)	376,721	(10,295)	366,426	

Notes:

- (i) On 4 January 2017, the Company and the subscribers entered into the subscription agreements pursuant to which the Company allotted and issued 115,153,225 shares at the subscription price of HK\$0.329 per subscription share to the subscribers on 18 January 2017. The net proceeds raised from the subscription aggregate amount was approximately HK\$37,750,000.
- (ii) On 11 January 2018, the Company granted share options to certain eligible participants under the share option scheme of the Company adopted on 9 May 2012 to subscribe for a total of 54,876,000 ordinary shares of HK\$0.04 each of the Company at an exercise price of HK\$0.370 per share. Details of the share options granted are set out in the announcement of the Company dated 11 January 2018.

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) 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 three months ended 31 March 2018 are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2017 ("the 2017 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 2017 Financial Statements. The adoption of the New HKFRSs has no material impact on the accounting policies in the Group's condensed consolidated financial statements for the period.

3. Revenue

Revenue represents the aggregate of the amounts received and receivable from third parties, interest income from provision of money lending business and commission income from provision of brokerage and related services. Revenue and other revenue recognised during the period are as follows:

	Three months ended	
	31 March	
	2018	2017
	HK\$'000	<i>HK\$'000</i>
Revenue		
Rental of energy-saving air-conditioners	810	807
Trading business	38,163	66,837
Money lending business	919	861
Securities trading business	1,099	708
	40,991	69,213
Other revenue		
Interest income	1	3
Sundry income	2	-
	3	3

4. Other Gains and Losses

	Three months ended	
	2018	2017
	HK\$'000	HK\$'000
Exchange loss, net	(1)	(1)
Net gain on financial assets at fair value through profit or loss	–	925
Net gain on fair value change of cryptocurrencies (<i>Note</i>)		
– Loss on disposal of cryptocurrencies	(5,274)	–
– Change in fair value of cryptocurrencies	23,563	–
	18,289	–
	18,288	924

Note: Cryptocurrencies are open-source software-based online payment system where payments are recorded in a public ledger (also known as distributed ledger) using its own unit of account.

The Group measures cryptocurrencies at its fair value less costs to sell, with any change in fair value less costs to sell being recognised in profit or loss in the period of the change. Cryptocurrencies derecognised when the Group has transferred substantially all the risks and rewards of the ownerships. Cryptocurrencies fair value measurement is based on a quoted market price of coinmarketcap.com in active markets for identical assets.

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

Segment revenues and results

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

For the period ended 31 March 2018:

	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	Total HK\$'000
Segment revenue	810	38,163	-	919	1,099	40,991
Segment results	(2,471)	1,052	(447)	636	(3,793)	(5,023)
Other revenue						3
Exchange loss, net						(1)
Net gain on fair value change of cryptocurrencies						18,289
Central administrative costs						(21,496)
Loss before taxation						(8,228)

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For the period ended 31 March 2017:

	Rental of air- conditioners <i>HK\$'000</i>	Trading business <i>HK\$'000</i>	Operations of the CETP <i>HK\$'000</i>	Money lending business <i>HK\$'000</i>	Securities trading business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	807	66,837	–	861	708	69,213
Segment results	(2,410)	2,786	(485)	533	(553)	(129)
Other revenue						3
Exchange loss, net						(1)
Net gain on financial assets at fair value through profit or loss						925
Central administrative costs						(3,270)
Finance costs						(789)
Loss before taxation						(3,261)

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

6. Finance Costs

	Three months ended 31 March	
	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Interest on other borrowings		
– Secured and wholly repayable within one year	–	320
– Unsecured and wholly repayable within one year	–	465
Interest expenses on obligation under finance lease	–	4
	–	789

7. Loss before Taxation

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

	Three months ended 31 March	
	2018 HK\$'000	2017 HK\$'000
Directors' emoluments	542	634
Employee benefit expenses (excluding directors' emoluments)	8,247	3,030
Equity-settled share-based payments	12,200	–
Depreciation		
– Owned property, plant and equipment	3,113	2,646
– Leased property, plant and equipment	–	34
Loss on disposal of property, plant and equipment	–	3
Cost of inventories recognised as an expense	35,500	62,554
Research and development costs expensed as incurred (included in administrative expenses)	4,559	–
Operating lease rentals in respect of rented premises	1,132	1,140

8. Taxation

	Three months ended 31 March	
	2018 HK\$'000	2017 HK\$'000
Current tax		
PRC enterprise income tax	–	–
Hong Kong profits tax	–	–
	–	–

The Company is not subject to taxes in profits, income or dividends in Bermuda. The subsidiaries of the Company in Hong Kong are subject to Hong Kong profits tax at the rates of 16.5% (2017: 16.5%) on the estimated assessable profits for the period.

The income tax provision in respect of operations in the PRC is calculated at the applicable rates on the estimated assessable profits for the period based on the unification of income tax rates for domestic-invested and foreign invested enterprises at 25% (2017: 25%).

No provision for taxation has been provided for in the unaudited condensed consolidated financial statements as the subsidiaries of the Company in Hong Kong and the PRC had accumulated tax losses brought forward which exceeded the estimated assessable profits for the three months ended 31 March 2018 and 2017.

9. Loss per Share

	Three months ended	
	31 March	2017
	2018	2017
Loss for the period attributable to the owners of the Company (HK\$)	(5,297,000)	(2,081,000)
Weighted average number of ordinary shares in issue	1,036,379,025	713,333,286
Basic loss per share (HK cents)	(0.51)	(0.29)

Basic loss per share is calculated by dividing the loss attributable to owners of the Company over the weighted average number of ordinary shares in issue during the period under review.

On 4 January 2017, the Company and the subscribers entered into the subscription agreements pursuant to which the Company allotted and 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 to the subscribers on 18 January 2017. The net proceeds raised from the subscription in aggregate amount was approximately HK\$37,750,000.

On 29 March 2017, the Company entered into 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 were fulfilled on 5 May 2017, and the dealings in the rights shares were commenced on the Stock Exchange on 15 May 2017. The net proceeds raised from the Rights Issue in aggregate amount was approximately HK\$99,690,000.

The basic and diluted loss per share for the three months ended 31 March 2018 and 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.

10. Dividend

The Board does not recommend the payment of dividend for the three months ended 31 March 2018 (31 March 2017: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

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

BUSINESS REVIEW AND PROSPECT

Rental of Energy-Saving Air-conditioners

The Group recorded approximately HK\$810,000 of revenue from the rental of energy-saving air-conditioners business for the three months ended 31 March 2018, representing a slight increase of 0.4% compared to the last corresponding period of approximately HK\$807,000. The slowdown of growth was caused by the seasonal effect on the decrease in air-conditioners usage hours and the long holiday of Chinese New Year. It is expected to resume a faster growth in the coming seasons.

Loss of this segment slightly increased by 2.5% from approximately HK\$2,410,000 for the three months ended 31 March 2017 to approximately HK\$2,471,000 for the three months ended 31 March 2018. Due to the implementation of budget control on staff costs and other administrative expenses and cost control on repairing and other related maintenance cost, this segment loss was effectively controlled.

Trading Business

The Group's trading business is mainly engaged in the trading of electronic components in the PRC. During the three months ended 31 March 2018, the Group recorded approximately HK\$38,163,000 (31 March 2017: approximately HK\$66,837,000) of revenue from trading business, representing a decrease of 42.9% compared to the last corresponding period. Given that the fragmented and competitive nature of the trading business in the PRC, the Group is facing genuine difficulty in maintaining the scale of operations of this business segment. The Group has managed to better the product mix to new products primarily consisted of motors, main chips and LED with a new customer in the first quarter of 2018 and will try to solicit more business opportunities with the existing or previous customers in the future.

Profit of this segment decreased by 62.2% from approximately HK\$2,786,000 for the three months ended 31 March 2017 to approximately HK\$1,052,000 for the three months ended 31 March 2018 in line with the drop of the revenue from the trading business. However, the gross profit margin was improved from 6.4% to 7.0% comparing to the last corresponding period due to the higher profit margin of the product mix, reflecting a continuing demand on the trading of electronic components. To remain the high profit margin, debt financing strategy is not considered for the trading business. A prudent manner to access the cash conversion cycle is adopted instead when accepting new sales orders for the purpose of maintaining a strong cash flow and low liquidity risk of the Group, in light of the global economic uncertainty posed by the trade war in between the U.S. and the PRC. The Group will expand the customer base with the focus on good credit history to diversify the concentration risk of the trading business and continue to source different product mix to capture more business opportunities for the trading business.

Operations of Carbon Emission Trading Platform and Related Services

The Group has no revenue from the operations of carbon emission trading platform (“CETP”) for the three months ended 31 March 2018 and 2017. Loss of this segment decreased by 7.8% from approximately HK\$485,000 for the three months ended 31 March 2017 to approximately HK\$447,000 for the three months ended 31 March 2018.

The management of the Group has been constantly paying effort in this business segment. The Group has engaged in a project, namely as 中國內蒙古森工集團根河森林工業有限公司碳匯造林項目 (“Project”) in providing service to 內蒙古根河林業局, to assist it to apply for the Chinese Certified Emission Reduction (“CCER”) quotas from the National Development and Reform Commission (“NDRC”). It is expected that upon completion of the Project, the Group will receive half of the approved CCER quotas from the Project. According to the audit report issued by 廣州賽寶認證中心服務有限公司, an independent third party and one of the designated operation bodies approved by the NDRC, on 8 January 2016, the CCER quotas expected to be obtained under the Project would be approximately 2,560,000 tonnes in total for a period of 20 years up to 2025. It is expected that the final approval of NDRC on the Project will be obtained in 2018. The management considers that the trading of the CCER quotas is still relatively new in the PRC market with lots of uncertainties, the management of the Group will keep further look to see if the Project could generate some revenue in the future. Meanwhile, the management of the Group has approached some potential buyers of the CCER quotas and commencing negotiation with them for the terms of sales price and the amount of tonnes of the CCER quotas.

Money Lending Business

The Group recorded loans interest income of approximately HK\$919,000 from the money lending business for the three months ended 31 March 2018, representing a mild growth of 6.7% compared to the last corresponding period of approximately HK\$861,000. The loan interest income was slightly increased with the increase on number of customers compared to the same period last year.

As a result of the effective cost control measures, the segment results of the money lending business increased by 19.3% from approximately HK\$533,000 for the three months period ended 31 March 2017 to approximately HK\$636,000 for the three months period ended 31 March 2018.

Securities Trading Business

The revenue from the securities trading business mainly comprised of the brokerage income. The Group recorded approximately HK\$1,099,000 of revenue from the securities trading business for the three months ended 31 March 2018, representing an increase of 55.2% compared to the last corresponding period of approximately HK\$708,000. The growth in revenue was driven by the drastic increment in the total transaction amount, which in turn boosted the Group's securities brokerage income. The total transaction amount for the three months ended 31 March 2018 was approximately HK\$481.6 million, which increased by 54.7% comparing with approximately HK\$311.3 million for the same period of last year.

Loss of this segment increased by 585.9% from approximately HK\$553,000 for the three months ended 31 March 2017 to approximately HK\$3,793,000 for the three months ended 31 March 2018. The increase in loss was attributed to the research and development cost in developing the new trading system for the securities trading business by applying the distributed ledger technology. To cater for the booming of fintech development, the Group commenced the development of the trading system for the securities trading business from the year of 2018 by leveraging the ready-made technology and computer source code shared by Tide Digital Financial Holdings Limited ("Tide Digital"), which is ultimately owned as to 85% by Mr. Chen Ping (*Chairman and executive Director*) and 15% by Ms. Ma Jian Ying (*Chief Executive Officer and executive Director*). Details of the transactions are set out in the Company's announcement dated 7 December 2017.

The fintech landscape grows explosively from peer-to-peer lending, cryptocurrency and blockchain, owing to the massive technology innovation in the past decade. To keep pace with the emergence of the new economy, the Group has speeded up the development progress of the trading system, which is expected to launch by the end of the third quarter of 2018.

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.

FINANCIAL REVIEW

Revenue

For the three months ended 31 March 2018, the Group's unaudited consolidated revenue was approximately HK\$40,991,000 (31 March 2017: approximately HK\$69,213,000), representing a decrease of 40.8% comparing to the corresponding period of last year. The decrease was mainly attributed by the decrease in revenue from the trading business.

Other Gains and Losses

Other gain and loss for the three months ended 31 March 2018 amounted to approximately HK\$18,288,000 (31 March 2017: approximately HK\$924,000). The other gains and losses mainly comprised of the fair value changes on investment of cryptocurrencies and listed securities. To maximise the Group's return in the long run, the Company mainly invested in two types of cryptocurrencies, namely Ether and XPA, through open markets during the first quarter of 2018. The net gain from investment of cryptocurrencies and listed securities for the three months ended 31 March 2018 were approximately HK\$18,289,000 and Nil (31 March 2017: Nil and approximately HK\$925,000).

The Group acquired Ether and XPA through the open market and the total investment cost amounted to approximately HK\$27.29 million and HK\$9.92 million, respectively; and subsequently reduced its holdings in Ether and XPA to cash in approximately HK\$9.96 million with a realised loss of approximately HK\$5.27 million in aggregate. For the three months ended 31 March 2018, the Group recorded a net fair value gain of approximately HK\$23.56 million from cryptocurrencies principally consisted of a fair value loss of approximately HK\$5.13 million from Ether and an fair value gain of approximately HK\$28.64 million in XPA.

Ether is a cryptocurrency of which its blockchain is generated by the Ethereum platform. Ethereum platform is a decentralised platform that runs smart contracts and allows different types of cryptocurrency tokens to be launched in Ethereum blockchain with ease. Applications and cryptocurrency tokens are able to be run in the Ethereum platform exactly as programmed without any possibility of downtime, censorship, fraud or third-party interference. This would save significant time and resources to be devoted in the development of a separate blockchain.

XPA is a cryptocurrency token which is currently built up based on the blockchain technology of Ethereum platform. XPA can be traded in an open market and is being used in an ecosystem comprising of XPA, the cryptocurrency token itself; XPA can be used in a decentralised cryptocurrencies exchange, namely XPA Exchange; and XPA can be used as well to exchange for another cryptocurrency asset known as XPA Assets. XPA Assets is a secure cryptocurrency that is anchored to the legal tender via smart contract with a vision to allow a stable cryptocurrency value to facilitate payment and circulation.

According to coinmarketcap.com, the market capitalisation of the overall cryptocurrency market had achieved approximately 20 times from approximately HK\$99.37 billion in January 2016 to approximately HK\$2,082.03 billion in March 2018. Having considered the optimistic future on prospects of blockchain technology and cryptocurrencies, and the recent performance of the overall cryptocurrency market, the Board is of the view that the above acquisitions of cryptocurrencies are attractive investments and can enhance the returns on cash for the Company.

The Board has evaluated and determined the nature and extent of the risks associated with the custody of the acquired cryptocurrencies that the Group has purchased and may purchase in the future. The Group has accordingly taken appropriate steps to ensure that the Company has established and maintains appropriate and effective risk management and internal control systems in this regard. The risk management measures include proper authorisation with respect to the withdrawals of cryptocurrencies, password access to cryptocurrency trading accounts by authorised persons only, implementation of two-factor authentication in relation to access to trading accounts and withdrawal of cryptocurrencies, and e-mail notification to authorised persons in the event there is a log-in to the cryptocurrency trading accounts of the Company. With respect to internal control systems, proper walk-through procedures in relation to above measures have been performing and these measures have been successfully implemented.

The Board and the audit committee of the Company have reviewed the effectiveness of the measures and the relevant internal control systems of the Company and consider that they are effective in safeguarding the acquired cryptocurrencies in the cryptocurrency trading accounts of the Company.

Details of the risk management measures and internal control procedures performed are set out in the Company's announcement dated 13 April 2018.

Selling and Distribution Expenses

The selling and distribution expenses of the Group was approximately HK\$256,000 for the three months ended 31 March 2018 (31 March 2017: approximately HK\$382,000), representing a decrease of 33.0% comparing with the corresponding period of last year. The decrease was primarily attributable to the Group's tighten budget control on the distribution cost on the rental of energy-saving air-conditioners business.

Administrative Expenses

The administrative expenses for the three months ended 31 March 2018 amounted to approximately HK\$29,586,000 (31 March 2017: approximately HK\$7,901,000), representing an increase of 274.5% comparing with the corresponding period of last year. The increase of administrative expenses was mainly attributed to (i) the equity-settled share-based payments of HK\$12,200,000 for the three months ended 31 March 2018 (31 March 2017: Nil); and (ii) the research and development costs together with other related costs arising from the development of the trading system for of the securities trading business. The research and development costs mainly comprised of the employee benefits expenses incurred by the software engineers and IT programmes.

Loss for the Period

As a result of the above-mentioned factors, the loss of the Group was increased by 152.3% from approximately HK\$3,261,000 for the three months ended 31 March 2017 to approximately HK\$8,228,000 for the three months ended 31 March 2018. Excluding the effect of equity-settled share-based payments, the Group recorded a profit of approximately HK\$3,972,000 for the three months ended 31 March 2018 (31 March 2017: loss of approximately HK\$3,261,000).

Rights Issue and use of proceeds

Reference is made to the Company's prospectus dated 18 April 2017 and the announcement dated 11 May 2017 in connection with the rights issue of 345,459,675 rights shares on the basis of one rights share for every two shares on the record date (13 April 2017) at the subscription price of HK\$0.30 per rights share ("Rights Issue"). The Rights Issue was completed on 12 May 2017 and the net proceeds raised from the Rights Issue was approximately HK\$99.7 million.

As disclosed in the Company's announcement dated on 18 January 2018, the Board has resolved to re-allocate approximately HK\$50.0 million of the unutilised net proceeds from the Rights Issue (comprising approximately HK\$35.0 million out of the development of securities trading business and approximately HK\$15.0 million out of the development of money lending business) ("Reallocations") to fund the Group's investment in listed or unlisted securities in Hong Kong and/or cryptocurrencies with a view to enhancing the value of the Group as a whole.

The below table sets out the proposed application of net proceeds before and after Reallocations and usage up to the 31 March 2018:

	Intended use of net proceeds	Utilisation before Reallocations	Reallocations	Utilisation after Reallocations up to 31 March 2018	Remaining balance as at 31 March 2018
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
Development of securities trading business	50.00	-	(35.00)	-	15.00
Development of money lending business	25.00	(9.97)	(15.00)	-	0.03
Operations of carbon emission trading platform	3.00	(1.57)	-	(0.30)	1.13
Investment business sector (Note)	-	-	50.00	(27.36)	22.64
General working capital	21.69	(0.46)	-	(5.24)	15.99
Total	99.69	(12.00)	-	(32.90)	54.79

Note: During the period, the Group has acquired and disposed of net amount of approximately of 2,200 units of Ether and 20,274,000 units of XPA, and held approximately 2,200 units of Ether and 20,274,000 units of XPA as at 31 March 2018, respectively.

DIVIDEND

The Board does not recommend the payment of dividend for the three months ended 31 March 2018 (31 March 2017: Nil).

MAJOR EVENTS DURING THE REPORTING PERIOD

Grant of share options

On 11 January 2018, the Company granted 54,876,000 share options in which of 35,208,000 share options were granted to executive Directors and non-executive Directors of the Company under the Company's share option scheme adopted on 9 May 2012. Each of options shall entitle its holders to subscribe for one ordinary share of HK\$0.04 each in the capital of the Company at the exercise price of HK\$0.370 per share.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the three months ended 31 March 2018.

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

As at 31 March 2018, the interests and short positions of the Directors in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Cap. 571 of the Laws of Hong Kong (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

Long positions in shares and underlying shares of the Company

Name of Directors	Number of underlying shares held under share options	Percentage of the issued share capital of the Company
Mr. Chen Ping	10,356,000	1.00%
Ms. Ma Jian Ying	10,356,000	1.00%
Mr. Tsang Chun Kit Terence	10,356,000	1.00%
Mr. Hsu Bin Chun	3,108,000	0.30%
Mr. Shi Guang Rong	1,032,000	0.10%

Save as disclosed herein, neither the Directors nor any of their associates had any interests or short positions in shares, underlying shares and debentures of the Company or any of its associated corporations as at 31 March 2018 as defined in Section 352 of the SFO. In addition, at no time during the reporting period had the Directors and chief executives of the Company (including their spouses and children under 18 years of age) any interest in, or been granted, or exercised any rights to subscribe for shares (or warrants or debentures, if applicable) of the Company and its associated corporations (within the meaning of the SFO).

Save as disclosed above, at no time during the reporting period was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SHARE OPTION SCHEME

A share option scheme has been adopted and approved by the shareholders of the Company at the annual general meeting held on 9 May 2012 (the “Share Option Scheme”). As at 31 March 2018, the Company has 61,005,500 options outstanding which represented approximately 5.89% 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 period ended 31 March 2018:

Category of participants	Date of share options granted	Vesting period	Outstanding at beginning of the period	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding at end of the period	Exercise price HK\$	Exercise period
Directors	11 January 2018	Vested upon granted	-	35,208,000	-	-	35,208,000	0.370	11 January 2018 – 9 May 2022
Employees and consultants	18 January 2016	Vested upon granted	12,259,000	-	-	(6,129,500)	6,129,500	0.488	18 January 2016 – 9 May 2022 (note)
	11 January 2018	Vested upon granted	-	19,668,000	-	-	19,668,000	0.370	11 January 2018 – 9 May 2022
			12,259,000	54,876,000	-	(6,129,500)	61,005,500		

Note: 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 Right 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 31 March 2018, 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. Sun Lijun	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</i>)	80,880,000	Interest in controlled corporation	7.80%
Yuxing Group (International) Limited (<i>note</i>)	80,880,000	Interest in controlled corporation	7.80%
Yuxing Technology Company Limited (<i>note</i>)	80,880,000	Beneficial owner	7.80%

Note: 80,800,000 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 31 March 2018, the Directors were not aware of any other person who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the Directors and the substantial shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) have any business or interest in companies that competes or may compete with the business of the Group or any other conflict of interests which any such person has or may have with the Group.

CORPORATE GOVERNANCE PRACTICES

The Company has complied with all the code provisions as set out in Corporate Governance Code and Corporate Governance Report contained in Appendix 15 to the GEM Listing Rules (the "CG Code") for the three months ended 31 March 2018.

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 to 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 this report and the Group's unaudited condensed consolidated results for the three months ended 31 March 2018 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 as set out in rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, the Company was not aware of any non-compliance with such required standard of dealings and its code of conduct regarding securities transactions throughout the period ended 31 March 2018.

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

Executive Directors:

Mr. Chen Ping (*Chairman*)
Ms. Ma Jian Ying (*Chief Executive Officer*)
Mr. Tsang Chun Kit Terence
Mr. Wang An Zhong

Non-executive Directors:

Mr. Shi Guang Rong
Mr. Hsu Bin Chun

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, 14 May 2018