



# Global Energy Resources International Group Limited

環球能源資源國際集團有限公司

*(continued in Bermuda with limited liability)*

(Stock Code: 8192)

## INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2018

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## 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 2018 respectively together with the comparative figures for the corresponding periods in 2017 as follows:

### Unaudited Condensed Consolidated Income Statement

|   | Notes | Three months ended |          | Six months ended |           |
|---|-------|--------------------|----------|------------------|-----------|
|   |       | 30 June            |          | 30 June          |           |
|   |       | 2018               | 2017     | 2018             | 2017      |
|   |       | HK\$'000           | HK\$'000 | HK\$'000         | HK\$'000  |
| Revenue                                     | 3     | <b>64,583</b>      | 73,047   | <b>105,574</b>   | 142,260   |
| Cost of sales                               |       | <b>(61,503)</b>    | (67,934) | <b>(99,171)</b>  | (132,263) |
| Gross profit                                |       | <b>3,080</b>       | 5,113    | <b>6,403</b>     | 9,997     |
| Other revenue                               | 3     | <b>2</b>           | 2        | <b>5</b>         | 5         |
| Other gains and losses                      | 4     | <b>(1)</b>         | 1,630    | <b>(2)</b>       | 2,554     |
| Change in fair value of<br>cryptocurrencies |       | <b>(26,348)</b>    | –        | <b>(8,059)</b>   | –         |
| Selling and distribution expenses           |       | <b>(293)</b>       | (310)    | <b>(549)</b>     | (692)     |
| Administrative expenses                     |       | <b>(18,792)</b>    | (7,768)  | <b>(48,378)</b>  | (15,669)  |
| <b>Loss from operations</b>                 |       | <b>(42,352)</b>    | (1,333)  | <b>(50,580)</b>  | (3,805)   |
| Finance costs                               | 6     | <b>–</b>           | (4)      | <b>–</b>         | (793)     |
| <b>Loss before taxation</b>                 | 7     | <b>(42,352)</b>    | (1,337)  | <b>(50,580)</b>  | (4,598)   |
| Taxation                                    | 8     | <b>(131)</b>       | –        | <b>(131)</b>     | –         |
| <b>Loss for the period</b>                  |       | <b>(42,483)</b>    | (1,337)  | <b>(50,711)</b>  | (4,598)   |
| <b>Loss for the period attributable to</b>  |       |                    |          |                  |           |
| Owners of the Company                       |       | <b>(39,561)</b>    | (335)    | <b>(44,832)</b>  | (2,416)   |
| Non-controlling interests                   |       | <b>(2,922)</b>     | (1,002)  | <b>(5,879)</b>   | (2,182)   |
|   |       | <b>(42,483)</b>    | (1,337)  | <b>(50,711)</b>  | (4,598)   |
| <b>Loss per share for the period</b>        |       |                    |          |                  |           |
| <b>attributable to owners of</b>            |       |                    |          |                  |           |
| <b>the Company</b>                          |       |                    |          |                  |           |
| Basic and diluted (HK cents)                | 9     | <b>(3.82)</b>      | (0.04)   | <b>(4.33)</b>    | (0.30)    |

## Unaudited Condensed Consolidated Statement of Comprehensive Income

|  | Three months ended     |                     | Six months ended       |                     |
|--|------------------------|---------------------|------------------------|---------------------|
|  | 30 June                |                     | 30 June                |                     |
|  | 2018                   | 2017                | 2018                   | 2017                |
| <i>Notes</i>                             | <i>HK\$'000</i>        | <i>HK\$'000</i>     | <i>HK\$'000</i>        | <i>HK\$'000</i>     |
| <b>Loss for the period</b>               | <u>(42,483)</u>        | <u>(1,337)</u>      | <u>(50,711)</u>        | <u>(4,598)</u>      |
| <b>Other comprehensive</b>               |                        |                     |                        |                     |
| <b>(loss)/income for the period,</b>     |                        |                     |                        |                     |
| <b>net of income tax</b>                 |                        |                     |                        |                     |
| <i>Item that may be subsequently</i>     |                        |                     |                        |                     |
| <i>reclassified to profit or loss:</i>   |                        |                     |                        |                     |
| Exchange differences on                  |                        |                     |                        |                     |
| translation of foreign                   |                        |                     |                        |                     |
| operations                               | <u>(6,416)</u>         | <u>2,602</u>        | <u>(1,520)</u>         | <u>3,786</u>        |
| <b>Total comprehensive (loss)/income</b> |                        |                     |                        |                     |
| <b>for the period</b>                    | <u><b>(48,899)</b></u> | <u><b>1,265</b></u> | <u><b>(52,231)</b></u> | <u><b>(812)</b></u> |
| <b>Other comprehensive</b>               |                        |                     |                        |                     |
| <b>(loss)/income for the period</b>      |                        |                     |                        |                     |
| <b>attributable to</b>                   |                        |                     |                        |                     |
| Owners of the Company                    | <u>(45,132)</u>        | <u>2,468</u>        | <u>(46,110)</u>        | <u>1,647</u>        |
| Non-controlling interests                | <u>(3,767)</u>         | <u>(1,203)</u>      | <u>(6,121)</u>         | <u>(2,459)</u>      |
|  | <u><b>(48,899)</b></u> | <u><b>1,265</b></u> | <u><b>(52,231)</b></u> | <u><b>(812)</b></u> |

## Condensed Consolidated Statement of Financial Position

|   |    | As at<br><b>30 June</b><br><b>2018</b><br><i>HK\$'000</i><br>(Unaudited) | As at<br>31 December<br>2017<br><i>HK\$'000</i><br>(Audited) |
|---|----|--|--|
| <b>Assets and liabilities</b>               |    |  |  |
| <b>Non-current assets</b>                   |    |  |  |
| Property, plant and equipment               |    | <b>33,691</b>  | 37,992   |
| Intangible asset                            | 10 | <b>73,646</b>  | 73,646   |
| Goodwill                                    | 11 | <b>10,939</b>  | 10,939   |
| Other assets                                |    | <b>400</b>   | 400  |
|   |    | <b>118,676</b>   | 122,977  |
| <b>Current assets</b>                       |    |  |  |
| Trade receivables                           | 12 | <b>87,685</b>  | 84,806   |
| Other receivables, deposits and prepayments | 13 | <b>18,840</b>  | 19,895   |
| Loans receivable                            | 14 | <b>36,828</b>  | 40,374   |
| Amount due from a related company           | 15 | <b>2,320</b>   | 5,162  |
| Cryptocurrencies                            | 16 | <b>19,809</b>  | –  |
| Client trust bank balances                  |    | <b>6,817</b>   | 1,925  |
| Cash and cash equivalents                   |    | <b>54,621</b>  | 104,902  |
|   |    | <b>226,920</b>   | 257,064  |
| <b>Current liabilities</b>                  |    |  |  |
| Trade payables                              | 17 | <b>18,220</b>  | 12,988   |
| Accruals and other payables                 | 18 | <b>7,051</b>   | 7,969  |
| Amounts due to related parties              | 19 | <b>2,667</b>   | 1,526  |
| Tax payable                                 |    | <b>131</b>   | –  |
|   |    | <b>28,069</b>  | 22,483   |

|   |    | <b>As at<br/>30 June<br/>2018<br/><i>HK\$'000</i><br/>(Unaudited)</b> | As at<br>31 December<br>2017<br><i>HK\$'000</i><br>(Audited) |
|---|----|---|--|
| <b>Net current assets</b>                                     |    | <b>198,851</b>  | 234,581  |
| <b>Net assets less current liabilities</b>                    |    | <b>317,527</b>  | 357,558  |
| <b>Net assets</b>   |    | <b>317,527</b>  | 357,558  |
| <b>Equity</b>   |    |   |  |
| Share capital   | 20 | 41,455  | 41,455   |
| Reserves  |    | 290,134   | 324,044  |
| <b>Total equity attributable to owners<br/>of the Company</b> |    | <b>331,589</b>  | 365,499  |
| Non-controlling interests                                     |    | (14,062)  | (7,941)  |
| <b>Total equity</b>   |    | <b>317,527</b>  | 357,558  |

## Unaudited Condensed Consolidated Statement of Changes in Equity

|   | Attributable to owners of the Company |                 |                |                 |                   |                             |                  |                    |                |                           |                |
|---|---------------------------------------|-----------------|----------------|-----------------|-------------------|-----------------------------|------------------|--------------------|----------------|---------------------------|----------------|
|   | Share capital                         | Capital reserve | Share premium  | Special reserve | Statutory reserve | Share-based payment reserve | Exchange reserve | Accumulated losses | Sub-total      | Non-controlling interests | Total          |
|   | HK\$'000                              | HK\$'000        | HK\$'000       | HK\$'000        | HK\$'000          | HK\$'000                    | HK\$'000         | HK\$'000           | HK\$'000       | HK\$'000                  | HK\$'000       |
| At 1 January 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 shares 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   | -                                     | -               | -              | -               | -                 | -                           | -                | (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          | (2,459)                   | (812)          |
| At 30 June 2017 (Unaudited)                                       | <u>41,455</u>                         | <u>1,030</u>    | <u>634,138</u> | <u>11</u>       | <u>324</u>        | <u>14,504</u>               | <u>(12,398)</u>  | <u>(268,625)</u>   | <u>410,439</u> | <u>(9,942)</u>            | <u>400,497</u> |
| At 1 January 2018 (Audited)                                       | <b>41,455</b>                         | <b>1,030</b>    | <b>634,138</b> | <b>11</b>       | <b>324</b>        | <b>4,048</b>                | <b>(8,562)</b>   | <b>(306,945)</b>   | <b>365,499</b> | <b>(7,941)</b>            | <b>357,558</b> |
| Issue of share options  | -                                     | -               | -              | -               | -                 | 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   | -                                     | -               | -              | -               | -                 | -                           | -                | (44,832)           | (44,832)       | (5,879)                   | (50,711)       |
| Other comprehensive loss, net of income tax:                      |                                       |                 |                |                 |                   |                             |                  |                    |                |                           |                |
| Exchange differences on translating foreign operations            | -                                     | -               | -              | -               | -                 | -                           | (1,278)          | -                  | (1,278)        | (242)                     | (1,520)        |
| Total comprehensive loss for the period                           | -                                     | -               | -              | -               | -                 | -                           | (1,278)          | (44,832)           | (46,110)       | (6,121)                   | (52,231)       |
| At 30 June 2018 (Unaudited)                                       | <u>41,455</u>                         | <u>1,030</u>    | <u>634,138</u> | <u>11</u>       | <u>324</u>        | <u>14,224</u>               | <u>(9,840)</u>   | <u>(349,753)</u>   | <u>331,589</u> | <u>(14,062)</u>           | <u>317,527</u> |

## Unaudited Condensed Consolidated Statement of Cash Flows

|  | Six months ended 30 June |                 |
|--|--------------------------|-----------------|
|  | 2018                     | 2017            |
|  | <i>HK\$'000</i>          | <i>HK\$'000</i> |
| Net cash outflow from operating activities               | (20,144)                 | (13,112)        |
| Net cash outflow from investing activities               | (30,131)                 | (291)           |
| Net cash inflow from financing activities                | —                        | 115,332         |
|  | <hr/>                    | <hr/>           |
| Net (decrease)/increase in cash and cash equivalents     | (50,275)                 | 101,929         |
| Cash and cash equivalents at the beginning of the period | 104,902                  | 13,925          |
| Effect of foreign exchange rate changes                  | (6)                      | 2,613           |
|  | <hr/>                    | <hr/>           |
| Cash and cash equivalents at the end of the period       | <b>54,621</b>            | 118,467         |
|  | <hr/> <hr/>              | <hr/> <hr/>     |
| <b>Analysis of balances of cash and cash equivalents</b> |                          |                 |
| Cash and bank balances                                   | <b>54,621</b>            | 118,467         |
|  | <hr/> <hr/>              | <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 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, (v) securities trading business, and (vi) blockchain technology related 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 2017.

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 2018. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group's accounting policies and amounts reported for the current year and prior year.

The Group has not yet applied new or revised HKFRSs that have been issued but not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new or revised HKFRSs would have a material impact on its results of operations.



### 3. REVENUE

Revenue 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 |                 | Six months ended |                 |
|--|--------------------|-----------------|------------------|-----------------|
|  | 30 June            |                 | 30 June          |                 |
|  | 2018               | 2017            | 2018             | 2017            |
|  | <i>HK\$'000</i>    | <i>HK\$'000</i> | <i>HK\$'000</i>  | <i>HK\$'000</i> |
| <b>Revenue</b>                         |                    |                 |                  |                 |
| Rental of air-conditioners             | 1,166              | 1,031           | 1,976            | 1,838           |
| Trading business                       | 45,004             | 71,089          | 83,167           | 137,926         |
| Money lending business                 | 915                | 333             | 1,834            | 1,194           |
| Securities trading business            | 691                | 594             | 1,790            | 1,302           |
| Blockchain technology related business | 16,807             | –               | 16,807           | –               |
|  | <u>64,583</u>      | <u>73,047</u>   | <u>105,574</u>   | <u>142,260</u>  |
| <b>Other revenue</b>                   |                    |                 |                  |                 |
| Interest income                        | 1                  | 2               | 2                | 5               |
| Sundry income                          | 1                  | –               | 3                | –               |
|  | <u>2</u>           | <u>2</u>        | <u>5</u>         | <u>5</u>        |

### 4. OTHER GAINS AND LOSSES

|   | Three months ended |                 | Six months ended |                 |
|---|--------------------|-----------------|------------------|-----------------|
|   | 30 June            |                 | 30 June          |                 |
|   | 2018               | 2017            | 2018             | 2017            |
|   | <i>HK\$'000</i>    | <i>HK\$'000</i> | <i>HK\$'000</i>  | <i>HK\$'000</i> |
| Exchange losses, net  | (1)                | (1)             | (2)              | (2)             |
| Net gain on financial assets at fair value through profit or loss | –                  | 1,631           | –                | 2,556           |
|   | <u>(1)</u>         | <u>1,630</u>    | <u>(2)</u>       | <u>2,554</u>    |

## 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
- Blockchain technology related business

### Segment revenues and results

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

#### For the period ended 30 June 2018:

|  | Rental of<br>air-<br>conditioners<br><i>HK\$'000</i> | Trading<br>business<br><i>HK\$'000</i> | Operations<br>of the CETP<br><i>HK\$'000</i> | Money<br>lending<br>business<br><i>HK\$'000</i> | Securities<br>trading<br>business<br><i>HK\$'000</i> | Blockchain<br>technology<br>related<br>business<br><i>HK\$'000</i> | Total<br><i>HK\$'000</i> |
|--|--|--|--|---|--|--|--------------------------|
| Segment revenue                          | <u>1,976</u>   | <u>83,167</u>                          | <u>-</u>                                     | <u>1,834</u>                                    | <u>1,790</u>   | <u>16,807</u>  | <u>105,574</u>           |
| Segment results                          | <u>(4,574)</u>                                       | <u>1,666</u>                           | <u>(908)</u>                                 | <u>1,159</u>                                    | <u>(681)</u>   | <u>(6,962)</u>   | <u>(10,300)</u>          |
| Other revenue                            |  |  |  |   |  |  | 5                        |
| Exchange losses, net                     |  |  |  |   |  |  | (2)                      |
| Fair value change of<br>cryptocurrencies |  |  |  |   |  |  | (8,059)                  |
| Central administrative costs             |  |  |  |   |  |  | <u>(32,355)</u>          |
| Loss before taxation                     |  |  |  |   |  |  | <u><u>(50,711)</u></u>   |

For the period ended 30 June 2017:

|   | Rental of<br>air-<br>conditioners<br><i>HK\$'000</i> | Trading<br>business<br><i>HK\$'000</i> | Operations<br>of the CETP<br><i>HK\$'000</i> | Money<br>lending<br>business<br><i>HK\$'000</i> | Securities<br>trading<br>business<br><i>HK\$'000</i> | Blockchain<br>technology<br>related<br>business<br><i>HK\$'000</i> | Total<br><i>HK\$'000</i> |
|---|--|--|--|---|--|--|--------------------------|
| Segment revenue   | <u>1,838</u>   | <u>137,926</u>                         | <u>-</u>                                     | <u>1,194</u>                                    | <u>1,302</u>   | <u>-</u>   | <u>142,260</u>           |
| Segment results   | <u>(4,452)</u>                                       | <u>6,242</u>                           | <u>(1,031)</u>                               | <u>516</u>                                      | <u>(1,302)</u>                                       | <u>-</u>   | <u>(27)</u>              |
| Other revenue   |  |  |  |   |  |  | 5                        |
| Exchange losses, net  |  |  |  |   |  |  | (2)                      |
| Net gain on financial assets at<br>fair value through profit or<br>loss |  |  |  |   |  |  | 2,556                    |
| Central administrative costs  |  |  |  |   |  |  | (6,337)                  |
| Finance costs   |  |  |  |   |  |  | <u>(793)</u>             |
| Loss before taxation  |  |  |  |   |  |  | <u><u>(4,598)</u></u>    |

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

## 6. FINANCE COSTS

|   | Three months ended<br>30 June |                         | Six months ended<br>30 June |                         |
|---|-------------------------------|-------------------------|-----------------------------|-------------------------|
|   | 2018<br><i>HK\$'000</i>       | 2017<br><i>HK\$'000</i> | 2018<br><i>HK\$'000</i>     | 2017<br><i>HK\$'000</i> |
| Interest expenses on other borrowings                   |                               |                         |                             |                         |
| – secured and wholly repayable<br>within one year       | -                             | -                       | -                           | 320                     |
| – unsecured and wholly repayable<br>within one year     | -                             | -                       | -                           | 465                     |
| Interest expenses on obligations<br>under finance lease | <u>-</u>                      | <u>4</u>                | <u>-</u>                    | <u>8</u>                |
|   | <u><u>-</u></u>               | <u><u>4</u></u>         | <u><u>-</u></u>             | <u><u>793</u></u>       |

## 7. LOSS BEFORE TAXATION

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

|   | Three months ended |              | Six months ended |              |
|---|--------------------|--------------|------------------|--------------|
|   | 30 June            |              | 30 June          |              |
|   | 2018               | 2017         | 2018             | 2017         |
|   | HK\$'000           | HK\$'000     | HK\$'000         | HK\$'000     |
| Directors' emoluments   | 521                | 568          | 1,063            | 1,202        |
| Employee benefit expenses<br>(excluding directors' emoluments)                                  | 9,639              | 3,109        | 17,886           | 6,139        |
| Equity-settled share-based payments   | –                  | –            | 12,200           | –            |
| Depreciation  |                    |              |                  |              |
| – Owned property, plant and<br>equipment  | 3,117              | 2,755        | 6,230            | 5,401        |
| – Leased property, plant and<br>equipment   | –                  | 35           | –                | 69           |
| Loss on disposal of property,<br>plant and equipment  | 11                 | –            | 11               | –            |
| Cost of inventories recognised<br>as an expense   | 59,388             | 66,060       | 94,888           | 128,614      |
| Research and development costs<br>expensed as incurred<br>(included in administrative expenses) | 5,508              | –            | 10,067           | –            |
| Operating lease rentals in respect of<br>rented premises  | 1,121              | 1,146        | 2,253            | 2,286        |
|   | <u>1,121</u>       | <u>1,146</u> | <u>2,253</u>     | <u>2,286</u> |

## 8. TAXATION

|                           | Three months ended |          | Six months ended |          |
|---------------------------|--------------------|----------|------------------|----------|
|                           | 30 June            |          | 30 June          |          |
|                           | 2018               | 2017     | 2018             | 2017     |
|                           | HK\$'000           | HK\$'000 | HK\$'000         | HK\$'000 |
| <b>Current tax:</b>       |                    |          |                  |          |
| PRC enterprise income tax | –                  | –        | –                | –        |
| Hong Kong profits tax     | 131                | –        | 131              | –        |
|                           | <u>131</u>         | <u>–</u> | <u>131</u>       | <u>–</u> |

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. No provision for taxation has been provided for in the unaudited condensed consolidated financial statements as the subsidiaries of the Company in Hong Kong had accumulated tax losses brought forward which exceeded the estimated assessable profits for the six months ended 30 June 2017.

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 PRC had accumulated tax losses brought forward which exceeded the estimated assessable profits for the six months ended 30 June 2018 and 2017.

## 9. LOSS PER SHARE

|  | Three months ended   |                    | Six months ended     |                    |
|--|----------------------|--------------------|----------------------|--------------------|
|  | 30 June              |                    | 30 June              |                    |
|  | 2018                 | 2017               | 2018                 | 2017               |
| Loss for the period attributable to owners of the Company (HK\$) | <u>(39,561,000)</u>  | <u>(335,000)</u>   | <u>(44,832,000)</u>  | <u>(2,416,000)</u> |
| Weighted average number of ordinary shares in issue              | <u>1,036,379,025</u> | <u>901,277,718</u> | <u>1,036,379,025</u> | <u>807,824,685</u> |
| Basic loss per share (HK cents)                                  | <u>(3.82)</u>        | <u>(0.04)</u>      | <u>(4.33)</u>        | <u>(0.30)</u>      |

Basic loss per share is calculated by dividing the loss for the period attributable to the 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 six months ended 30 June 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. INTANGIBLE ASSET

The Group acquired an intangible asset of the using right of carbon emission trading platform (the “CETP”) in 2014. CETP is an intangible asset which is dedicated to a variety of carbon emission rights and carbon derivatives electronic trading systems integrated product transactions. The platform is including members of management, financial asset management, transaction prices showing, trading orders placed and cleared. It provides a communication channel for the carbon rights registration institutions and banks, offering management and tracking the whole life cycle from entering the carbon products into the system to trading until its maturity to be written off.

|  | <b>Carbon<br/>Emission<br/>Trading<br/>Platform<br/>HK\$'000</b> |
|--|--|
| <b>Costs:</b>                                |  |
| Balance at 31 December 2017 and 30 June 2018 | 161,869  |
| <b>Accumulated impairment:</b>               |  |
| Balance at 31 December 2017 and 30 June 2018 | (88,223)   |
| <b>Carrying amounts:</b>                     |  |
| <b>Balance at 30 June 2018</b>               | <b>73,646</b>  |
| Balance at 31 December 2017                  | 73,646   |

*Note:* In the assumption of continuity or going concern convention, the CETP will create economic benefits for the Group continuously if maintenance expenses are paid periodically. The useful life of the CETP is indefinite as there is no foreseeable limit on the period over which the asset is expected to generate net cash inflows for the Group. It will be tested for impairment annually, instead of amortising over its useful life, and whenever there is an indication that may be impaired.

## 11. GOODWILL

|  | <i>HK\$'000</i> |
|--|-----------------|
| <b>Costs:</b>                                |                 |
| Balance at 31 December 2017 and 30 June 2018 | 10,939          |
| <b>Accumulated impairment:</b>               |                 |
| Balance at 31 December 2017 and 30 June 2018 | –               |
| <b>Carrying amounts:</b>                     |                 |
| <b>Balance at 30 June 2018</b>               | <b>10,939</b>   |
| Balance at 31 December 2017                  | 10,939          |

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

|                             | As at<br><b>30 June<br/>2018</b><br><i>HK\$'000</i><br>(Unaudited) | As at<br>31 December<br>2017<br><i>HK\$'000</i><br>(Audited) |
|-----------------------------|--|--|
| Money lending business      | 869  | 869  |
| Securities trading business | <u>10,070</u>  | <u>10,070</u>  |
|                             | <u><b>10,939</b></u>   | <u>10,939</u>  |

## 12. TRADE RECEIVABLES

|  | As at<br><b>30 June<br/>2018</b><br><i>HK\$'000</i><br>(Unaudited) | As at<br>31 December<br>2017<br><i>HK\$'000</i><br>(Audited) |
|--|--|--|
| Trade receivables from securities trading business |  |  |
| – Cash clients                                     | 4,049  | 3,414  |
| – Margin clients                                   | –  | 53   |
| – Clearing house                                   | <u>2,614</u>   | <u>2,881</u>   |
|  | <b>6,663</b>   | 6,348  |
| Trade receivables                                  | <u>81,022</u>  | <u>78,458</u>  |
|  | <u><b>87,685</b></u>   | <u>84,806</u>  |

The directors of the Company 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.

### (a) Ageing analysis

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines its credit limits. Credit sales are made to customers with a satisfactory and trustworthy credit history. Credit limits attributed to customers are reviewed regularly. The Group allows a credit period with average range from 90 – 180 days (2017: 30 – 270 days) to its trade customers of its trading business.

The following is an ageing analysis of trade receivables presented based on the invoice date and net of provision for impairment:

|               | As at<br><b>30 June<br/>2018</b><br><i>HK\$'000</i><br>(Unaudited) | As at<br>31 December<br>2017<br><i>HK\$'000</i><br>(Audited) |
|---------------|--|--|
| 0 – 90 days   | 44,459   | 43,458   |
| 91 – 180 days | <u>36,563</u>  | <u>35,000</u>  |
|               | <u><b>81,022</b></u>   | <u>78,458</u>  |

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

**(b) Trade debtors that are not impaired**

An ageing analysis of the trade receivables that are neither individually nor collectively considered to be impaired is as follows:

|                               | As at<br><b>30 June</b><br><b>2018</b><br><i>HK\$'000</i><br>(Unaudited) | As at<br>31 December<br>2017<br><i>HK\$'000</i><br>(Audited) |
|-------------------------------|--|--|
| Neither past due nor impaired | <b>81,022</b>  | 78,458   |

Trade receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

As at 30 June 2018 and 31 December 2017, no trade receivable was past due but not impaired. Based on the 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.

**13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

|  | As at<br><b>30 June</b><br><b>2018</b><br><i>HK\$'000</i><br>(Unaudited) | As at<br>31 December<br>2017<br><i>HK\$'000</i><br>(Audited) |
|--|--|--|
| Deposits paid and prepayments to suppliers | <b>10,995</b>  | 11,126   |
| Other receivables and deposits             | <b>1,927</b>   | 2,472  |
| Value added tax receivables                | <b>5,918</b>   | 6,297  |
|  | <b>18,840</b>  | 19,895   |



#### 14. LOANS RECEIVABLE

|                     | As at<br>30 June<br>2018<br><i>HK\$'000</i><br>(Unaudited) | As at<br>31 December<br>2017<br><i>HK\$'000</i><br>(Audited) |
|---------------------|--|--|
| Loans receivable    | 34,000   | 39,000   |
| Interest receivable | <u>2,828</u>   | <u>1,374</u>   |
|                     | <u><b>36,828</b></u>                                       | <u><b>40,374</b></u>   |

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

|                 | As at<br>30 June<br>2018<br><i>HK\$'000</i><br>(Unaudited) | As at<br>31 December<br>2017<br><i>HK\$'000</i><br>(Audited) |
|-----------------|--|--|
| Receivables:    |  |  |
| Within one year | <u><b>36,828</b></u>                                       | <u><b>40,374</b></u>   |

The Group's loans receivable, which arise from the money lending business in Hong Kong, are denominated in Hong Kong dollars.

The loans receivable are mainly unsecured, interest bearing and are receivable with fixed terms agreed with customers. As at 30 June 2018, a loan receivable with principal amount of approximately HK\$10,000,000 (31 December 2017: approximately HK\$10,000,000) are secured by collaterals, interest bearing and are receivable with fixed term agreed with customer. They are neither past due nor impaired. The maximum exposure to credit risk at the end of period is the carrying value of the loans receivable.

Loans receivable are interest-bearing at rates of range from 9.0% to 15.0% (31 December 2017: 9.0% to 31.8%) per annum. Loans receivable includes the interest receivable of approximately HK\$2,828,000 (31 December 2017: approximately HK\$1,374,000) which is receivable on the date of repayment. During the six months ended 30 June 2018, interest income of approximately HK\$1,834,000 (30 June 2017: approximately HK\$1,194,000) has been recognised in the unaudited condensed consolidated statement of profit or loss and other comprehensive income.

#### 15. AMOUNT DUE FROM A RELATED PARTY

|                           | Highest<br>Balance during<br>the period<br><i>HK\$'000</i> | As at<br>30 June<br>2018<br><i>HK\$'000</i><br>(Unaudited) | As at<br>31 December<br>2017<br><i>HK\$'000</i><br>(Audited) |
|---------------------------|--|--|--|
| TideEx Technology Limited | <u>5,162</u>   | <u><b>2,320</b></u>  | <u>5,162</u>   |

The amount due from a related company is unsecured, interest free and recoverable on demand.

The directors of the Company, Mr. Chen Ping and Ms. Ma Jian Ying, are also the directors and beneficial interest owner of the related company.

## 16. CRYPTOCURRENCIES

The amounts represented the Ether and XPA held by the Group as at the end of the reporting period.

Cryptocurrencies are open-source software-based online payment system where payments are recorded in a public 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 ownership. As a result of the cryptocurrencies protocol, costs to sell them are immaterial in the current period and no allowance is made for such costs.

The fair value of an asset or a liability is measured using the assumptions that market percipients would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Cryptocurrencies fair value measurement is a Level 1 fair value as it is based on a quoted (unadjusted) market price (coinmarketcap.com) in active markets for identical assets.

Cryptocurrencies are derecognised when the Group disposes of them through its trading activities or when the Group otherwise loses control and, therefore, access to the economic benefits associated with ownership of the cryptocurrencies.

## 17. TRADE PAYABLES

|   | As at<br>30 June<br>2018<br><i>HK\$'000</i><br>(Unaudited) | As at<br>31 December<br>2017<br><i>HK\$'000</i><br>(Audited) |
|---|--|--|
| Trade payables from securities trading business |  |  |
| – Cash clients                                  | 9,414  | 4,787  |
| – Clearing house                                | 3,587  | 2,913  |
|   | <u>13,001</u>  | <u>7,700</u>   |
| Trade payables                                  | 5,219  | 5,288  |
|   | <u><u>18,220</u></u>                                       | <u><u>12,988</u></u>   |

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

Based on the invoice dates, the aging analysis of the trade payables from other than securities trading business were as follows:

|                | As at<br>30 June<br>2018<br><i>HK\$'000</i><br>(Unaudited) | As at<br>31 December<br>2017<br><i>HK\$'000</i><br>(Audited) |
|----------------|--|--|
| 181 – 365 days | –  | 96   |
| Over 365 days  | 5,219  | 5,192  |
|                | <u><u>5,219</u></u>  | <u><u>5,288</u></u>  |

## 18. ACCRUALS AND OTHER PAYABLES

|                     | As at<br>30 June<br>2018<br>HK\$'000<br>(Unaudited) | As at<br>31 December<br>2017<br>HK\$'000<br>(Audited) |
|---------------------|---|---|
| Accruals            | 1,179   | 1,757   |
| Receipts in advance | 4,008   | 4,439   |
| Other payables      | 1,864   | 1,773   |
|                     | <u>7,051</u>  | <u>7,969</u>  |

## 19. AMOUNTS DUE TO RELATED PARTIES

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

As at 30 June 2018, an amounting of approximately HK\$2,359,000 (31 December 2017: approximately HK\$1,214,000) due to related companies which the directors of the Company, Mr. Chen Ping and Ms. Ma Jian Ying, are also the directors and beneficial interest owner of the related companies.

## 20. SHARE CAPITAL

|  | Number of<br>shares<br>'000 | Nominal<br>value<br>HK\$'000 |
|--|-----------------------------|------------------------------|
| <i>Authorised:</i>   |                             |                              |
| <b>Ordinary shares of HK\$0.04 each at 1 January 2017,<br/>31 December 2017, 1 January 2018 and 30 June 2018</b> | <u>5,000,000</u>            | <u>200,000</u>               |
| <i>Issued and fully paid:</i>  |                             |                              |
| Ordinary shares of HK\$0.04 each at 1 January 2017   | 575,766                     | 23,031                       |
| Placing of new shares ( <i>note 1</i> )  | 115,153                     | 4,606                        |
| Right issue of new shares ( <i>note 2</i> )  | <u>345,460</u>              | <u>13,818</u>                |
| <b>Ordinary shares of HK\$0.04 each at 31 December 2017,<br/>1 January 2018 and 30 June 2018</b>                 | <u>1,036,379</u>            | <u>41,455</u>                |

*Notes:*

- (1) On 4 January 2017, the Company and the subscribers entered into a subscription agreement, pursuant to which the Company has conditionally agreed to allot and issue, and the subscribers have agreed to subscribers for a total of 115,153,225 shares at the subscription price of HK\$0.329 per subscription share. The net proceeds raised from the subscription in aggregate amount was approximately HK\$37,750,000.
- (2) On 29 March 2017, the Company entered into an underwriting agreement with an underwriter by issuing 345,459,675 rights shares on the basis of one right share for every two shares at subscription price of HK\$0.3. All conditions set out in the underwriting agreement have been 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 issues in aggregate amount was approximately HK\$99,690,000.

## 21. SHARE OPTION SCHEME

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 18 January 2016, the Company granted 365,901,260 share options to 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 30 June 2018, there are 6,129,500 (as at 31 December 2017: 12,259,000) share options remained outstanding and the subscription price per share was adjusted to HK\$0.488 per share after taking into account of the effect of the rights issue completed in May 2017.

On 11 January 2018, the Company granted 54,876,000 share options to certain Directors, employees and consultants of the Company under the Share Option Scheme at the exercise price of HK\$0.370 per share option which were vested immediately and exercisable for the period between 11 January 2018 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 30 June 2018, there are 54,876,000 share options remained outstanding.

As at 30 June 2018, there are outstanding options entitling the share options holders thereof to subscribe for up to an aggregate of 61,005,500 shares, of which 6,129,500 outstanding options have an exercise price of HK\$0.488 per share and 54,876,000 outstanding options have an exercise price of HK\$0.370 per share.

## 22. OPERATING LEASES COMMITMENTS

### The Group as lessee

As at 30 June 2018, the total future minimum lease payments of the Group under non-cancellable operating leases in respect of rented premises are payable as follows:

|                                       | As at<br>30 June<br>2018<br><i>HK\$'000</i><br>(Unaudited) | As at<br>31 December<br>2017<br><i>HK\$'000</i><br>(Audited) |
|---------------------------------------|--|--|
| Within one year                       | 4,061  | 4,532  |
| In the second to fifth year inclusive | 1,601  | 3,163  |
|                                       | <u>5,662</u>   | <u>7,695</u>   |

The Group leases premises under operating lease. Leases are mainly negotiated at terms which range from two to three years (2017: two to three years), without any operation to renew the lease terms at the expiry date and do not include any contingent rentals.

## 23. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, the Group had also entered into the following related party transactions during the reporting period.

### (a) Transaction with related parties:

|                          | Three months ended |          | Six months ended |          |
|--------------------------|--------------------|----------|------------------|----------|
|                          | 30 June            |          | 30 June          |          |
|                          | 2018               | 2017     | 2018             | 2017     |
|                          | HK\$'000           | HK\$'000 | HK\$'000         | HK\$'000 |
| Administrative cost paid | 1,556              | –        | 2,893            | –        |
| Licence fee payable      | 2,340              | –        | 4,680            | –        |
|                          | <u>1,556</u>       | <u>–</u> | <u>2,893</u>     | <u>–</u> |

*Note:* The directors of the Companies, Mr. Chen Ping and Ms. Ma Jian Ying, are also the directors and beneficial interest owner of the above related companies.

### (b) Key management personnel compensation

Key management includes the Directors of the Group. The compensation paid or payable to key management for employee services is shown below:

|  | Three months ended |            | Six months ended |              |
|--|--------------------|------------|------------------|--------------|
|  | 30 June            |            | 30 June          |              |
|  | 2018               | 2017       | 2018             | 2017         |
|  | HK\$'000           | HK\$'000   | HK\$'000         | HK\$'000     |
| Salary and other short-term employees benefits | 505                | 555        | 1,030            | 1,180        |
| Employer's contribution to retirement scheme   | 17                 | 13         | 33               | 22           |
| Equity-settled share-based payments            | –                  | –          | 12,200           | –            |
|  | <u>522</u>         | <u>568</u> | <u>13,263</u>    | <u>1,202</u> |

## 24. DIVIDEND

The Board does not recommend the payment of a dividend for the six months ended 30 June 2018 (30 June 2017: Nil).

## 25. CONTINGENT LIABILITIES

As at 30 June 2018, the Group did not have any significant contingent liabilities (31 December 2017: Nil).

## **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, (v) securities trading business and (vi) blockchain technology related business.

### **BUSINESS REVIEW AND PROSPECT**

#### **Rental of Energy-Saving Air-conditioners**

The Group recorded approximately HK\$1,976,000 of revenue from the business for the six months ended 30 June 2018, representing a slight increase of 7.5% compared to the last corresponding period of approximately HK\$1,838,000. Due to the seasonal effect, the business has tripled its air-conditioners usage hours, which in turn boosted the rental income in this quarter.

With the increase in depreciation, segment loss slightly rose by 2.7% from approximately HK\$4,452,000 for the six months ended 30 June 2017 to approximately HK\$4,574,000 for the six months ended 30 June 2018. The depreciation of leased air-conditioners remains the largest component of the operating costs representing about 60% of the total operating costs. Aside from the depreciation charges, the other operating costs comprising the staff costs, rental expenses and repairing costs are sufficiently controlled. To keep pace with the seasonal peak, the Group has striven to enhance the utilisation rate of leased air-conditioners by expanding the customer base. It's expected to keep growing in the next quarter in light with the seasonality.

#### **Trading Business**

The trading business engaged in trading of electronic components in the PRC continues to provide the majority of the total revenue. During the six months ended 30 June 2018, the business generated the trading revenue of approximately HK\$83,167,000 (30 June 2017: approximately HK\$137,926,000), representing a decrease of 39.7% compared to the last corresponding period. Along with the prudent manner to cash conversation cycle, the business has managed to smooth out the sales orders over the year and shorten the credit period to minimise liquidity risk.

Profit of this segment was dragged down 73.3% by the trading revenue from approximately HK\$6,242,000 for the six months ended 30 June 2017 to approximately HK\$1,666,000 for the six months ended 30 June 2018. With the economic uncertainties posed by the trade war in between the U.S. and China, the Group adopted a cautious and prudent strategy involving both offensive and defensive tactics. Except from consolidating the customer base, the Group has solicited business opportunities with new customers to diversify the concentration risk. Product portfolio continues to focus on the electronic components considering its soaring demand to electronic devices.

## **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 six months ended 30 June 2018 and 2017. Loss of this segment decreased by 11.9% from approximately HK\$1,031,000 for the six months ended 30 June 2017 to approximately HK\$908,000 for the six months ended 30 June 2018.

The development of carbon trading in the PRC was rather slow before due to the incomprehensive carbon trading policy, unclear systems and procedures for verifying the carbon products and the absence of a unified market. The price of the carbon allowance, CER and CCER is also not stable, thus, investors do not have any confidence to enter into the market and conduct carbon trading. The operation of this business segment is also facing a challenge in Hong Kong as there is no law and regulations are in place to limit the amount of carbon emission in Hong Kong, enterprises in Hong Kong are also lack of knowledge to conduct carbon trading.

The management of the Group is paying effort to improve the operation of this business segment, especially, in engaging in project management for other enterprise to apply for carbon emission quotas and subsequent sales of quotas. 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 CCER quotas from the National Development and Reform Commission (“NDRC”). It is expected that the final approval of NDRC on the Project will be obtained. The management of the Group will expect that the project could generate some revenue in the future. Meanwhile, the management of the Group has approached some potential buyers and commencing negotiation with some potential buyers for the terms of sales price and the amount of tonnes.

## **Money Lending Business**

The Group recorded loans interest income of approximately HK\$1,834,000 from the money lending business for the six months ended 30 June 2018, representing a growth of 53.6% compared with to the last corresponding period of approximately HK\$1,194,000. The loan interest income rose in line with the size increment of loan portfolio.

As a result of the implementation of cost control measures, the segment profit of the money lending business increased by 124.6% from approximately HK\$516,000 for the six months ended 30 June 2017 to approximately HK\$1,159,000 for the six months ended 30 June 2018. The Group expect the money lending business continues to benefit from the low interest market.

## Securities Trading Business

The revenue from the securities trading business mainly comprised of the brokerage income. The Group recorded approximately HK\$1,790,000 of revenue from the securities trading business for the six months ended 30 June 2018, representing an increase of 37.5% compared to the last corresponding period of approximately HK\$1,302,000. The growth of revenue was driven by the increment of total transaction amount benefiting from the upward trend of stock market, but slowed down in the second quarter due the adjustment pressure on the stock market in light of the economic uncertainties including trade war between the U.S. and China and the escalated interest rates and tax reform in the U.S.. In the first half year, the total transaction amount was approximately HK\$732.1 million, which increased by 33.4% comparing with approximately HK\$549.0 million of the same period of last year.

Thanks to the effective cost control measures, segment loss narrowed down to approximately HK\$681,000 (30 June 2017: approximately HK\$1,302,000), representing a decrease of 47.7%. The Group has striven to expand the customer base to improve the segment performance. The Hong Kong stock market are expected to have adjustment pressure in the second half year and to be fluctuated with the uncertainties prevail in the global economic environment. The Group will maintain a cautiously optimistic outlook to seize opportunities in between the peaks and troughs of the stock markets.

## Blockchain Technology Related Business

The blockchain technology related business commenced its activities during the second quarter of the year. The business is mainly engaged in (i) cryptocurrencies trading, (ii) non-mainstream cryptocurrency trading and (iii) enterprise solution for blockchain technology.

### (i) *Cryptocurrencies trading*

During the six months ended 30 June 2018, the Group recorded revenue of approximately HK\$16,686,000 from cryptocurrencies trading, accounting for 15.8% of the total revenue. The gross profit margin remains at about 2.4% in average. The Group implemented effective credit control procedures and did not have any bad debt since the commencement of the business.

### (ii) *Non-maintstream cryptocurrency trading*

In late May 2018, the Group launched the trading of non-maintstream cryptocurrencies. The Group setups a technology platform – *Tideal* to allow our clients to buy and sell non-mainstream cryptocurrencies in a website. The gross turnover generated from the platform is approximately HK\$1,210,000 and the income derived from it amounted to approximately HK\$121,000 for the six months ended 30 June 2018. TiDeal early launched to the market in May 2018 to keep up with time and the development in cryptoeconomy. The Group expects that the registered members of the platform will grow in the second half year.



**(iii) Enterprise solutions for blockchain technology**

The Group is actively developing enterprise solutions based on blockchain technology, providing blockchain-based software technology consulting and R&D for traditional enterprises such as financial institutions, entertainment industry companies and e-commerce platforms.

At present, the development of blockchain technology in various industries mainly faces the problem of transaction speed and transaction cost. Through the Group's experience in cryptocurrency trading, a series of technology research and development for existing industry issues is being carried out, enabling enterprises to more effectively use blockchain technology to combine traditional business models, especially for application solutions in the field of electronic payment.

This business is currently in the early stage of market development, and no revenue has been recognised for the period ended 30 June 2018.

Loss of the segment of approximately HK\$6,962,000 is caused by the substantial investment in the research and development cost for blockchain technology related to enterprise solutions, comprising the staff costs of software engineers and IT programmers. In the second quarter of the year, the Group will aggressively to enhance the popularity of the platform and the active user base.

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 six months ended 30 June 2018, the Group's unaudited consolidated revenue was approximately HK\$105,574,000 (30 June 2017: approximately HK\$142,260,000), representing a decrease of 25.8% comparing to the corresponding period of last year. The decrease was mainly attributed by the decrease in revenue from the trading business.

### **Change in Fair Value of Cryptocurrencies**

To maximise the Group's return in the long run, the Group invested two types of cryptocurrencies mainly comprising of Ether and XPA through open markets during the first half year. The carrying amount of investment in cryptocurrencies was approximately HK\$19,809,000 in the unaudited consolidated statement of financial position. During the six months ended 30 June 2018, the net change in fair value of cryptocurrencies amounted to a loss of approximately HK\$8,059,000 (30 June 2017: Nil), suffering from the cryptoeconomy downturn in the second quarter of 2018.

## **Selling and Distribution Expenses**

The selling and distribution expenses of the Group was approximately HK\$549,000 for the six months ended 30 June 2018 (30 June 2017: approximately HK\$692,000), representing a decrease of 20.7% 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 six months ended 30 June 2018 amounted to approximately HK\$48,378,000 (30 June 2017: approximately HK\$15,669,000), representing an increase of 208.7% 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 (30 June 2017: Nil) for the six months ended 30 June 2018; and (ii) the research and development costs together with other related costs arising from the development of the digital currency trading platform for the blockchain technology related business. The research and development costs mainly comprised of the employee benefits expenses incurred by the software engineers and IT programmers.

## **Loss for the Period**

As a result of the above-mentioned factors, the loss of the Group was increased from approximately HK\$4,598,000 for the six months ended 30 June 2017 to approximately HK\$50,711,000 for the six months ended 30 June 2018. The substantial increase was mostly related to the net loss in fair value change of cryptocurrencies of approximately HK\$8,059,000 and the substantial investment in blockchain technology related business which resulted in a significant increase in the Group's administrative expenses during the first half year.

Excluding the effect of equity-settled share-based payments, the Group recorded a loss of approximately HK\$38,511,000 for the six months ended 30 June 2018 (30 June 2017: approximately HK\$4,598,000).

## **Liquidity and Financial Resources**

As at 30 June 2018, the Group had total assets of approximately HK\$345,596,000 (31 December 2017: approximately HK\$380,041,000), including net cash and bank balances of approximately HK\$54,621,000 (31 December 2017: approximately HK\$104,902,000).

As at 30 June 2018, current ratio (defined as total current assets divided by total current liabilities) was approximately 8.1 (31 December 2017: approximately 11.4). As at 30 June 2018, the Group had approximately HK\$2,667,000 (31 December 2017: approximately HK\$1,526,000) of amounts due to related parties which are unsecured, interest-free and repayable on demand.

For the six months ended 30 June 2018, the Group financed its operations with fund.

## **Capital Structure**

As at 30 June 2018, the Group had shareholders' capital of approximately HK\$41,455,000 (31 December 2017: approximately HK\$41,455,000). The shareholders' capital of the Company is constituted of 1,036,379,025 shares (31 December 2017: 1,036,379,025 shares).

## **Treasury Policies**

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce its exposure to credit risks 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.

## **Charges on Group Assets**

None of the assets of the Group has been pledged to secure any loan granted to the Group as at 30 June 2018 (31 December 2017: Nil).

## **Foreign Exchange Exposure**

The Group's income and expenditure during the six months ended 30 June 2018 were principally denominated either in Hong Kong dollars ("HK\$") or Renminbi ("RMB"), and most of the assets and liabilities as at 30 June 2018 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 year 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 review.

## **SEGMENT INFORMATION**

Details of the Group's segment information are set out in Note 5 to the unaudited condensed consolidated financial statements of this announcement.

## **SIGNIFICANT INVESTMENT**

### **Investment in Cryptocurrencies**

As at 30 June 2018, the Group held an aggregate of approximately 2,135 units of Ether and approximately 20,542,046 units of XPA, respectively.

Cryptocurrencies are digital currencies in which encryption techniques are used to regulate the generation of units of currency and verify the transfer of funds using blockchain technology, operating independently of a central bank. The block chain is a public record of cryptocurrency transactions in chronological order. The block chain is shared between all users in that blockchain. It is used to verify the permanence of transactions and to prevent double spending. Cryptocurrencies are not issued by any central authority, rendering them theoretically immune to government interference or manipulation. Cryptocurrencies make it easier to transfer funds between two parties in a transaction and these transfers are facilitated.

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 decentralized 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 capitalization of the overall cryptocurrency market had achieved approximately 20 times from approximately HK\$99.37 billion in January 2016 to approximately HK\$2,004.21 billion in June 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 Group.

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 Group 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 authorized persons in the event there is a log-in to the cryptocurrency trading accounts of the Group. 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 Group have reviewed the effectiveness of the measures and the relevant internal control systems of the Group and consider that they are effective in safeguarding the acquired cryptocurrencies in the cryptocurrency trading accounts of the Group.

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

## **Blockchain Technology Related Business**

### ***Cryptocurrency Trading***

In April 2018, the Group launched the trading of mainstream cryptocurrencies. Mainstream cryptocurrencies include but not limited to bitcoin and ethereum. Our mainstream cryptocurrency trading business targets to those who want to make bulk purchase only (generally with trading amount of over HK\$1 million). The Group sees strong demand of Bitcoin and Ethereum in the world. Google search volume for bitcoin keywords increased by as much as 1,000% during 2017 while the price of Ethereum went up from US\$8 in Jan 2017 to over US\$400 as of 31 July 2018.

The suppliers of the mainstream cryptocurrencies are mainly from the U.S.. These suppliers are the leaders in block size cryptocurrency trading in the world. They trade 24 hours a day and offer very competitive prices in the market.

The Group trades the mainstream cryptocurrencies from the U.S. suppliers and trades these cryptocurrencies with the client mainly from Hong Kong at a markup.

To source the customers, the Group has established cooperation with one of the leading cryptocurrencies trading platforms, TideBit in Hong Kong. TideBit 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*). TideBit is a Hong Kong-based cryptocurrency trading platform which has over 40,000 users in which 90% are from Hong Kong. The Group has established a strategic partnership agreement with TideBit for a 3-year term. TideBit refers clients to the Group for block trades while the Group refers clients to TideBit for retail trades. There is no commission in introducing customers from TideBit and vice versa.

While our mainstream cryptocurrency trading business trade similar products as that of TideBit, the business model is not from commission but through earning the price spread between the purchase cost of the cryptocurrencies from suppliers and the selling price to our end customers. The spread is determined by factors including but not limited to the sentiment of the market, the trading history and behavior of the clients and the size of the trade.

### *Non-mainstream cryptocurrency trading*

In late May 2018, the Group launched the trading of non-mainstream cryptocurrencies. The Group setups a technology platform to allow our client to buy and sell non-mainstream cryptocurrencies in a website. The website of the Group's technology platform is <https://tideal.com> which has been developed since January 2018 and owned by the Group.

As of June 2018, the Group has onboarded more than 300 retail clients mainly from Hong Kong, Taiwan and Korea to trade the non-mainstream cryptocurrencies. The Group mainly sources customers from online social media channels such as telegram, WeChat, Facebook and WhatsApp.

Since the Group is operating an internet platform to match orders in our non-mainstream cryptocurrency trading business, we formed an operation team in Taipei where there are more than 10 staff members to handle the operation. These staff members include staff members responsible for marketing and public relations (mainly for social media promotion), engineering staff members to refine the product from time to time and support any technical production issues, staff members involved in business development to identify new token to list, handling customer service, others are involved in creative, graphic and design of user interface, project manager.

According to the consultancy agreement signed on 7 December 2017 between Tide Digital Financial Holdings Limited ("Tide Digital") and our non-wholly owned subsidiary namely Tide Global Exchange Technology Limited ("Tide Global"), Tide Digital would share with Tide Global the source code of a system currently owned by Tide Digital. Apart from the above-mentioned assistance from Tide Digital, the technology used in our non-mainstream cryptocurrency trading platform is developed from scratch by the Group. It is a low latency high performance trading platform which can support more than 1 millions of users in same time. We are able to build the world class technology product since we have a strong technology team.

The trading system that the Group is licensing is a technology used for trading blockchain assets. Blockchain assets are a relatively new asset class and it is noted that Tide Digital has accumulated years of experience in running the blockchain asset trading platform. It is also noted that the traditional securities technology does not support the trading of blockchain assets. The Group has sought out the technology vendor to provide the services. However, there is no company in the market that can provide similar technology in a short period of time. In view of the advanced feature of this technology, the Board believes the licensing agreement is concluded at normal commercial terms and at market price.



## PRINCIPAL RISKS

The Group's financial position, business results and prospects would be affected by a number of risks including operation risks, 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 trading business are subject to credit risks and foreign currency risk respectively. The Group has commenced blockchain technology related business in second quarter of 2018, and the related operation risks, market risk and financial risk are listed out as follows:

**The Group's success on the blockchain related technology business depends largely on the continued service and availability of key personnel.**

Much of the Group's future success on this business depends on the continued availability and service of key personnel, including our management team and other highly skilled employees. Experienced personnel in the blockchain technology related industry are in high demand and competition for their talents is intense.

**The Group's performance on the blockchain related technology business depends largely on the popularity of general blockchain application and acceptability from the market.**

Despite the strong potential for blockchain technology in various applications, including but not limited to those in the fields of payment, financial services (such as registration and transfer of equity ownership), cloud computing, IoT, cybersecurity, and cryptocurrencies, there can be no assurance that such potential will be fully realized. If blockchain technology cannot gain universal acceptance in the society, there may not be strong market demand for blockchain technology, and the prospects, business and results of operations can be materially and adversely affected.

**If our efforts to attract and retain members are not successful, our business will be adversely affected.**

Our ability to continue to attract members will depend in part on our ability to consistently provide our members with popular and compelling cryptocurrency pairs. Competitors include cryptocurrency trading platforms from all over the world. If customers do not perceive our service offering to be of value, including if we introduce new or adjust existing features, adjust fee structure or service offerings in a manner that is not favorably received by them, we may not be able to attract and retain members. In addition, many of our new members would join because of the word-of-mouth advertising from existing members. If our efforts to satisfy our existing members are not successful, we may not be able to attract members, and as a result, our ability to maintain and/or grow our business will be adversely affected. Users not willing to use our service for many reasons, including a perception that they do not use the service sufficiently, competitors provide better services or experience and customer service issues are not satisfactorily resolved. We must continually add new memberships both to replace inactive memberships and to grow our business beyond our current membership base.

If we do not grow as expected, we may not be able to adjust our expenditures or increase our (per membership) revenues commensurate with the lowered growth rate such that our margins, liquidity and results of operation may be adversely impacted. If we are unable to successfully compete with current and new competitors in both retaining our existing memberships and attracting new memberships, our business will be adversely affected. We may be required to incur significantly higher marketing expenditures than we currently expect to attract new members.

**We could be subject to economic, political, regulatory and other risks arising from our operations.**

Operating in international markets requires significant resources and management attention and will subject us to regulatory, economic and political risks that may be different from or incremental to those in Hong Kong. In addition to the risks that we face in Hong Kong, our operations face risks that could adversely affect our business, including:

- the need to adapt our content and user interfaces for specific cultural and language differences, including licensing a certain portion of our content assets before we have developed a full appreciation for its performance within a given territory;
- difficulties and costs associated with staffing and managing foreign operations;
- management distraction;
- difficulties in understanding and complying with local laws, regulations and customs in foreign jurisdictions;
- regulatory requirements or government action against our service, whether in response to enforcement of actual or purported legal and regulatory requirements or otherwise, that results in disruption or non-availability of our service or particular content in the applicable jurisdiction;
- fluctuations in cryptocurrency exchange rates (due to the fact that we charge transaction fees in cryptocurrencies instead of fiat money), which we do not use foreign exchange contracts or derivatives to hedge against and which could impact asset value;
- new and different sources of competition; and
- different and more stringent user protection, data protection, privacy and other laws, including data localization requirements.

Our failure to manage any of these risks successfully could harm our overall business, and results of our operations.



## USE OF PROCEEDS

The gross proceeds raised from subscription of new shares (the “Subscription of New Shares”) and rights issue (the “Rights Issue”) were approximately HK\$37,885,000 and HK\$103,638,000, respectively. The intended use of net proceeds from the Subscription of New Shares and Rights Issue, utilisation, remaining balance of the proceeds as at 30 June 2018 and the revised allocation before and after adjustment are summarised below:

### (a) Subscription of New Shares

On 4 January 2017, the Company 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 shares at HK\$0.329 per subscription price, representing approximately 20.00% of the issued share capital of the Company. The net proceeds from the subscription of shares received by the Company was approximately HK\$37,750,000.

The below table sets out intended use of net proceeds, utilisation and the remaining balance of the net proceeds as at 30 June 2018:

|   | <b>Intended<br/>use of net<br/>proceeds</b><br><i>HK\$ million</i> | <b>Utilisation</b><br><i>HK\$ million</i> | <b>Remaining<br/>balance as at<br/>30 June 2018</b><br><i>HK\$ million</i> |
|---|--|---|--|
| Repayment of short-term loan                | 21.00  | (21.00)                                   | –  |
| Expansion of securities<br>trading business | 8.00   | (2.50)                                    | 5.50   |
| General working capital                     | 8.75   | (8.75)                                    | –  |
| <b>Total</b>                                | <b>37.75</b>   | <b>(32.25)</b>                            | <b>5.50</b>  |

### (b) Rights Issue

On 29 March 2017, the Company entered into an underwriting agreement with an underwriter by issuing 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\$0.3 per rights shares, representing approximately 50.00% of the then issued shares capital of the Company. The net proceeds raised from the Rights Issue received by the Company was approximately HK\$99,690,000.

As disclosed in the Company's announcement dated on 18 January 2018, the Board as resolved to re-allocate approximately HK\$50.00 million of the unutilised net proceeds (comprising approximately HK\$35.00 million out of the development of securities trading business and approximately HK\$15.00 million out of the development of money lending business) to the Group's investment business sector 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 adjustments and usage up to 30 June 2018:

|  | <b>Intended<br/>use of net<br/>proceeds</b> | <b>Utilisation<br/>before<br/>reallocations</b> | <b>Reallocations</b> | <b>Utilisation<br/>after<br/>reallocations</b> | <b>Remaining<br/>balance as at<br/>30 June 2018</b> |
|--|---|---|----------------------|--|---|
|  | <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)  | –                    | (0.66)   | 0.77  |
| Investment business sector                     | –   | –   | 50.00                | (27.36)  | 22.64   |
| General working capital                        | 21.69                                       | (0.46)  | –                    | (11.57)  | 9.66  |
|  | <u>99.69</u>                                | <u>(12.00)</u>                                  | <u>–</u>             | <u>(39.59)</u>                                 | <u>48.10</u>  |
| Total  | <u>99.69</u>                                | <u>(12.00)</u>                                  | <u>–</u>             | <u>(39.59)</u>                                 | <u>48.10</u>  |

## 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.

## **DIVIDENDS**

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2018 (2017: Nil).

## **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 2018.

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

As at 30 June 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**

| <b>Name of Directors</b>   | <b>Number of underlying share held under share options</b> | <b>Percentage of the issued share capital of the Company</b> |
|----------------------------|--|--|
| 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. 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 30 June 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 30 June 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 nine months ended 30 June 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 | Adjusted exercise price<br>HK\$ | Exercise period                        |
|---------------------------|-------------------------------|---------------------|--|---------------------------|-----------------------------|--------------------------|----------------------------------|---------------------------------|--|
| Directors                 | 11 January 2018               | Vested upon granted | -                                      | 32,100,000                | -                           | -                        | 32,100,000                       | 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<br>(note) |
|                           | 11 January 2018               | Vested upon granted | -                                      | 22,776,000                | -                           | -                        | 22,776,000                       | 0.370                           | 11 January 2018 – 9 May 2022           |
|                           |                               |                     | <u>12,259,000</u>                      | <u>54,876,000</u>         | <u>-</u>                    | <u>(6,129,500)</u>       | <u>61,005,500</u>                |                                 |  |

*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 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 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:

| Name of shareholders  | Number of shares interested | Capacity in which shares are held  | Approximate percentage of issued share capital |
|---|-----------------------------|------------------------------------|--|
| Mr. Sun Li Jun  | 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 1</i> ) | 80,880,000                  | Interest in controlled corporation | 7.80%  |
| Yuxing Group (International) Limited ( <i>note 1</i> )        | 80,880,000                  | Interest in controlled corporation | 7.80%  |
| Yuxing Technology Company Limited ( <i>note 1</i> )           | 80,880,000                  | Beneficial owner                   | 7.80%  |

*Note:* 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 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 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 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 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 and 5.33 of the GEM Listing Rules. As at the date of this announcement, 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 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 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 2018.

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

*Executive Directors:*

Mr. Chen Ping (*Chairman*)  
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 August 2018

*This announcement will remain on the GEM website at [www.hkgem.com](http://www.hkgem.com) on the “Latest Company Announcements” page for at least 7 days from the date of its posting and on the website of the Company at [www.8192.com.hk](http://www.8192.com.hk).*