

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



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)

(1) TERMINATION OF JV AGREEMENT; AND (2) DISCLOSEABLE TRANSACTIONS – DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF THE TARGET AND ACQUISITION OF CRYPTOCURRENCY

TERMINATION OF JV AGREEMENT

Reference is made to the JV Announcement. As disclosed in the JV Announcement, the Company entered into the JV Agreement with TTL on 16 November 2017, pursuant to which the Company and TTL agreed to incorporate the JV Company for enhancing and operating the CETP and promoting the CETP through the established marketing team and distribution channel of the affiliates of TTL. The JV Company was incorporated in November 2017. As the Board views that the development of carbon emission trading in the PRC is slow and uncertain due to the incomprehensive carbon trading policy, unclear systems and procedures for verifying the carbon products and the absence of standard market practice, the management of the Group has reassessed this business segment recently and the Group and TTL have agreed to terminate the JV Agreement.

The Board announces that on 15 October 2018, the Company entered into the Termination Deed with TTL to terminate the JV Agreement with immediate effect.

Neither party would have any claims against the other as a result of the termination of the JV Agreement.

The Board considers that entering into the Termination Deed will not cause any material adverse impact to the Group's business and operational activities.

THE DISPOSAL AND THE ACQUISITION

The Board wishes to announce that on 15 October 2018, the Company, as vendor, and the Purchaser entered into the SP Agreement pursuant to which the Company has agreed to sell, and the Purchaser has agreed to purchase, the Sale Share, representing the entire issued share capital of the Target as at Completion free from all encumbrances together with all rights attaching thereto at any time on or after the Completion Date, at the Consideration of HK\$50.0 million which was settled by the Purchaser transferring 91,240,875.9 units of XPA to the Group. As at 10:00 a.m. on 15 October 2018, being the date of the SP Agreement, the market value of such XPA amounted to approximately HK\$54.5 million.

Immediately after Completion, each member of the Target Group will no longer be a subsidiary of the Company and the Group will cease to have any equity interest in each member of the Target Group.

The Target is a company incorporated in the BVI with limited liability and principally engaged in investment holding. The Target owns 100% interest in Vax Limited whose principal assets are the CETP.

IMPLICATIONS UNDER THE GEM LISTING RULES

As the highest applicable percentage ratio (as defined under the GEM Listing Rules) in respect of the Disposal is more than 5% but is less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules and is subject to notification and announcement requirements under Rule 19.34 of the GEM Listing Rules.

The receipt of the 91,240,875.9 units of XPA as settlement of the Consideration also constitutes a transaction for the Company under the GEM Listing Rules. As the highest applicable percentage ratio (as defined under the GEM Listing Rules) in respect of such transaction is more than 5% but is less than 25%, such transaction constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules and is subject to notification and announcement requirements under Rule 19.34 of the GEM Listing Rules.

TERMINATION OF JV AGREEMENT

Reference is made to the JV Announcement. As disclosed in the JV Announcement, the Company entered into the JV Agreement with TTL on 16 November 2017, pursuant to which the Company and TTL agreed to incorporate the JV Company for enhancing and operating the CETP and promoting the CETP through the established marketing team and distribution channel of the affiliates of TTL. The JV Company was incorporated in November 2017. As the Board views that the development of carbon emission trading in the PRC is slow and uncertain

due to the incomprehensive carbon trading policy, unclear systems and procedures for verifying the carbon products and the absence of standard market practice, the management of the Group has reassessed this business segment recently and the Group and TTL have agreed to terminate the JV Agreement.

As at the date of this announcement, Mr. Chen and Ms. Ma, each being an executive Director, hold 85% and 15% of the total issued share capital in TTL respectively. Therefore, TTL is an associate of Mr. Chen and is thus a connected person of the Company under Chapter 20 of the GEM Listing Rules.

Termination Deed

The Board announces that after trading hours on 15 October 2018, the Company entered into the Termination Deed with TTL to terminate the JV Agreement for enhancing and operating the CETP and promoting the CETP through the established marketing team and distribution channel of the affiliates of TTL with immediate effect.

The salient terms of the Termination Deed are as follows:

- (a) the termination of JV Agreement took immediate effect upon signing;
- (b) the Company and TTL have been released from performing all obligations and duties under the JV Agreement;
- (c) neither party would have any claims against the other as a result of the termination of the JV Agreement; and
- (d) the parties to the Termination Deed would proceed with the winding up/deregistration of the JV Company after the termination of the JV Agreement.

As a result of the delay in the process of the CCER quotas application from the NDRC and further considering the profitability prospects of the CETP, the JV Company has not commenced any business operations. Notwithstanding the terms of the JV Agreement, up to the date of the Termination Deed, the Group has not yet licensed the right to use the CETP to the JV Company as required under the JV Agreement.

The Board ((i) including the independent non-executive Directors; and (ii) excluding Mr. Chen and Ms. Ma, who hold 100% share capital in TTL and deemed to have a material interest in TTL, hence abstained from voting on the relevant resolution(s) considered and approved by the Board) is of the view that the terms of the Termination Deed have been arrived at after arm's length negotiations, entered into in the ordinary and usual course of business of the Company and are on normal commercial terms, fair and reasonable and in the interests of the Group and the Shareholders as a whole.

The Board considers that entering into the Termination Deed will not cause any material adverse impact to the Group's business and operational activities.

THE DISPOSAL AND THE ACQUISITION

The Board wishes to announce that on 15 October 2018, the Company, as vendor, and the Purchaser entered into the SP Agreement pursuant to which the Company had agreed to sell, and the Purchaser had agreed to purchase, the Sale Share, representing the entire issued share capital of the Target as at Completion free from all encumbrances together with all rights attaching thereto at any time on or after the Completion Date, at the Consideration of HK\$50.0 million which was settled by the Purchaser transferring the 91,240,875.9 units of XPA to the Group. As at 10:00 a.m. on 15 October 2018, being the date of the SP Agreement, the market value of such XPA amounted to approximately HK\$54.5 million.

THE SP AGREEMENT

Major terms of the SP Agreement are set out below.

Date

15 October 2018

Parties

- (a) Vendor: The Company as vendor of the Sale Share
- (b) Purchaser: Rainbow Edge Limited (虹銳有限公司), a company incorporated in Seychelles with limited liability and the principal business of which is investment holding

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Purchaser and its beneficial owners are Independent Third Parties.

Assets to be disposed of

The Sale Share represents the entire issued share capital of the Target as at Completion. The Target is an investment holding company and its subsidiaries are principally engaged in operations of CETP and related services. As at the date hereof, the Target directly wholly owns Vax Limited, which is sole legal and beneficial owner of the copyright of the CETP. The principal assets of the Target Group are the abovementioned CETP which is operated by HKCET. The CETP is an intangible asset which includes intellectual property right of computer program, business model, relevant customer development, and other using the carbon emission trading platform in connection with the operating business. Trading emission amount of carbon dioxide which has been certified and has a trading platform for transaction is called carbon emission trading. Customer can trade certified emission amount of carbon

dioxide on the trading platform. The emission amount has been bounded. All industries have their own standard emission amount which set up by real demand of emission. If a specific corporation's real emission amount is less than its standard amount, then it can sell the surplus in the market. On the other hand, if a specific corporation's real emission amount is higher than its standard amount, then it has to buy more credit in the market. Other investors can also invest in the product of carbon right through the CETP which can provide the liquidity of carbon right for trading.

Upon the completion of Disposal, the entire shareholder's loan owing by the Target Group to the Company as at Completion Date and as at 30 September 2018, such sum amounted to approximately HK\$190 million would be waived by the Company.

Consideration

The Consideration is HK\$50.0 million, which shall be settled by the Purchaser transferring 91,240,875.9 units of XPA to the Group. As such, no cash proceeds have been received as a result of the Disposal.

Basis of Consideration

The Consideration was determined after arm's length negotiations between the Company and the Purchaser on normal commercial terms with reference to, among others, the carrying amount of the CETP as at 30 June 2018 as shown in its unaudited interim report for the six months ended 30 June 2018 ("**2018 Interim Report**") of approximately HK\$73.6 million and the unaudited consolidated net liabilities of the Target as at 30 September 2018.

Assets to be acquired of

The Company received the 91,240,875.9 units of XPA in full settlement of the Consideration. 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 Ether and other stable cryptocurrencies.

As at 10:00 a.m. on 15 October 2018, being the date of the SP Agreement, the market value of the 91,240,875.9 units of XPA is approximately HK\$54.5 million based on quote of coinmarketcap.com.

Completion

Completion of the SP Agreement took place immediately after the signing of the SP Agreement.

Immediately after Completion, each member of the Target Group has ceased to be a subsidiary of the Company and the Group has ceased to have any equity interest in each member of the Target Group. The financial results of the Target Group will no longer be consolidated into the Group's financial statements.

INFORMATION ABOUT THE TARGET GROUP

The Target is a company incorporated in the BVI with limited liability and principally engaged in investment holding. The Target owns 100% interest in Vax Limited, which is sole legal and beneficial owner of the copyright of the CETP. According to the proposed business model, the CETP's customers can manage their accounts and trade carbon assets and carbon allowance via the CETP and the Group can then charge its customers a commission fee based on the amount of each transaction. The principal assets of the Target Group are the CETP and according to the 2018 Interim Report, no revenue was generated from the operations of the CETP for the six months ended 30 June 2018.

As at 30 September 2018, the operations of the CETP had 3 staff only. Set out below is a summary of certain audited consolidated financial information of the Target for the years ended 31 December 2016 and 2017.

	For the year ended 31 December 2016	For the year ended 31 December 2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(approximately)	(approximately)
Net loss before taxation	23,726	33,515
Net loss after taxation	23,726	33,515

The unaudited consolidated total asset value and net liabilities of the Target as at 30 September 2018 were approximately HK\$74.3 million and approximately HK\$116.0 million respectively.

INFORMATION ABOUT THE GROUP

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

Immediately after the Completion, the Group would discontinue its business in the operations of the CETP and related services.

REASONS FOR AND BENEFITS OF THE TERMINATION OF THE JV AGREEMENT, THE DISPOSAL AND THE ACQUISITION

Throughout this financial year, the Group has reshuffled the investment portfolios of its investments with a view to maximizing the returns to the Shareholders.

Since the Group acquired the CETP in 2014, the Group has faced various difficulties in the carbon trading business of the CETP. The carbon emission products traded mainly comprise CER, CCER and VER. CER is a carbon emission unit issued based on the clean development mechanism, a mechanism under the Kyoto Protocol which allows some countries to carry out project-based greenhouse emission reduction credit trading. Since 2012, the price of CER was in a downward trend and hence, investors show little interest in CER.

In June 2012, the NDRC issued the Interim Regulation of Voluntary Greenhouse Gases Emission Trading in China and set up the CCER trading mechanism. Given that there have been already 8 pilot carbon emission exchanges approved or operated by the PRC government, even the Group is working hard to enter into the PRC carbon trading market, the chance of success is pessimistic.

VER is a voluntary carbon product which follows the international standards established by credible organisations such as Verified Carbon Standard. The incentive to trade VER mainly comes from enterprises' environmental awareness and social responsibility. However, the investment environment is still immature due to the lack of public education and low public awareness in Hong Kong and China.

The Group was unable to generate any revenue in the CETP business segment since 2016. The operations of the CETP recorded a segment loss of approximately HK\$0.9 million for the six months ended 30 June 2018 and accumulated segment loss of approximately HK\$109.5 million (including the impairment loss on the CETP) since acquisition by the Group in 2014. The Board considers that the segment performance of the CETP would not improve significantly in the near future and the revenue generated in this segment would remain relatively low even if it was continued to operate.

In view of the existing immature market conditions of the carbon emission trading for lack of the government policy support and public awareness combining with the reasons of the underperformance and continued segment loss, the Directors expect that continuing the operations of the CEPT and its related business would inevitably incur further additional operational expenses and further impairment loss of the CETP to the Group. Thus, the Directors consider it is not cost-effective to continue to proceed with the operation of the JV Company and the CETP business segment and negotiated with TTL for the termination of the JV Agreement.

The Disposal is a strategic move of the Company to seek for both better investment return of its financial resources and for future business development strategy as a whole. Given that the Group has commenced its business in blockchain technology in the 2nd quarter of 2018 and has mainly invested in two types of cryptocurrencies, namely Ether and XPA, through open markets since the first quarter of 2018, the Board considers that the Disposal offers a prime opportunity for the Company to realise its investment in the CETP business and exchange for investment in XPA with a view to maximising the Group's return in the long run. Although the cryptocurrencies market price has deteriorated in a relatively low level recently, reflecting the volatility of the market, the Board believes that such volatility is only in a short-run period and is caused by investment environment as a whole, not merely in cryptocurrencies market. The Directors expect that the market value of the cryptocurrencies will pick up the growth in the long run and consider that the Disposal represents a good opportunity for the Group to realise its investment in the Target Group and reallocate its financial resources.

The Directors expect that the 91,240,875.9 units of XPA received in full settlement of the Consideration will be used for exchange into Ether then cash immediately through the trading in the platform. XPA is a cryptocurrency that is generated by Ethereum smart contract. Throughout the process of running with smart contract, the retained XPA can be used for a cryptocurrencies exchange business by pledging out and in exchange of more stable cryptocurrency, i.e. ERC top Twenty tokens. The smart contract is a secured instrument that each cryptocurrencies swifiting in and out and can be traced its location from time to time with blockchain process. The Directors believe this can expand the client base of the business by broaden the usage of XPA, increase the negotiability of XPA and can improve the Group's cash flow at the end. Moreover, XPA can be treated as an utility token and the Group has the plan to let our customers utilizing the tokens together with our expansion in mobile games' market in the future. The Directors believe that the blockchain technology can broaden the usage of XPA to more public in use.

The Group expects to recognise an unaudited accounting loss of approximately HK\$24.2 million from the Disposal, being the difference between the Consideration and the aggregate of the estimated unaudited consolidated net assets of the Target recorded in the Target's unaudited consolidated financial statements as at 30 September 2018 taking into account the waiver of the shareholder's loan upon Completion. The actual gain or loss in connection with the Disposal will be assessed after Completion and is subject to audit.

The Directors (including the independent non-executive Directors) are of the view that the terms of the SP Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE GEM LISTING RULES

As the highest applicable percentage ratio (as defined under the GEM Listing Rules) in respect of the Disposal is more than 5% but is less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules and is subject to notification and announcement requirements under Rule 19.34 of the GEM Listing Rules.

The receipt of the 91,240,875.9 units of XPA as settlement of the Consideration also constitutes a transaction for the Company under the GEM Listing Rules. As the highest applicable percentage ratio (as defined under the GEM Listing Rules) in respect of such transaction is more than 5% but is less than 25%, such transaction constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules and is subject to notification and announcement requirements under Rule 19.34 of the GEM Listing Rules.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Board”	the board of Directors
“BVI”	the British Virgin Islands
“CCER”	a carbon products and assets, namely Chinese Certified Emission Reduction, trading through the CETP
“CER”	a carbon products and assets, namely Certified Emission Reduction, trading through the CETP
“CETP”	the carbon emission trading platform (碳排放交易平台)
“Company”	Global Energy Resources International Group Limited (環球能源資源國際集團有限公司) (stock code: 8192), a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the issued shares of which are listed on GEM
“Completion”	completion of the Disposal in accordance with the terms and conditions of the SP Agreement
“Completion Date”	the date of the SP Agreement
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Consideration”	the sum of HK\$50.0 million, being the consideration for the purchase of the Sale Share payable by the Purchaser to the Company for the Disposal
“Directors”	the director(s) of the Company

“Disposal”	the disposal of the Sale Share by the Company
“Ether”	Ether, a cryptocurrency whose blockchain is generated by the Ethereum platform. Ethereum is an open source, public, blockchain-based distributed computing platform and operating system featuring smart contract functionality
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKCET”	Hong Kong Carbon Emission Trading Limited (香港碳權暨碳匯交易有限公司), a company incorporated under the laws of the Hong Kong with limited liability and its entire issued and paid up share capital is held by Vax Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	third parties independent of the Company and connected persons of the Company and their respective associates
“JV Agreement”	the joint venture agreement entered into between the Company and TTL on 16 November 2017 and as described in the JV Announcement
“JV Announcement”	the announcement of the Company dated 16 November 2017 in respect of, among other matters, the proposed formation of a joint venture between the Company and TTL for enhancing and operating the CETP
“JV Company”	Tide Global Carbon Emission Trading Limited (泰德環球碳排放交易有限公司), a company incorporated in Hong Kong in November 2017 pursuant to the JV Agreement, in which the Company indirectly holds 60% interest and TTL holds 40% interest
“Mr. Chen”	Mr. Chen Ping, an executive Director and the Chairman of the Board. Mr. Chen is the brother-in-law of Ms. Ma

“Ms. Ma”	Ms. Ma Jian Ying, an executive Director and the Co-Chief Executive Officer of the Company. Ms. Ma is the sister-in law of Mr. Chen
“NDRC”	the National Development and Reform Commission of the PRC
“PRC”	the People’s Republic of China, which for the purpose of this announcement, exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Rainbow Edge Limited (虹銳有限公司), a company incorporated in Seychelles with limited liability
“Sale Share”	the entire issued share capital of the Target
“Shareholder(s)”	holder(s) of the share(s) in the share capital of the Company
“SP Agreement”	the agreement dated 15 October 2018 entered into between the Purchaser and the Company in relation to the Disposal
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	Wonderful Dream Limited, an investment holding company incorporated in the BVI with limited liability and is wholly owned by the Company
“Target Group”	the group of companies consisting of the Target and its subsidiaries, namely Vax Limited and HKCET
“Termination Deed”	the deed dated 15 October 2018 entered into between the Company and TTL to terminate the JV Agreement
“TTL”	TideEX Technology Limited, a company incorporated under the laws of Republic of Seychelles, in which Mr. Chen and Ms. Ma hold 85% and 15% interest respectively
“Vax Limited”	Vax Limited, a company incorporated under the laws of the BVI with limited liability and its entire issued and paid up share capital is held by the Target
“VER”	a carbon products and assets , namely Voluntary Emission Reduction, trading through the CETS

“XPA” XPA, a cryptocurrency token which is current built up based on the blockchain technology of Ethereum platform

“%” per cent.

By Order of the Board
Global Energy Resources International Group Limited
Ma Jian Ying
Co-Chief Executive Officer and Executive Director

Hong Kong, 15 October 2018

As at the date of this announcement, the board of Directors comprises Mr. Chen Ping, Ms. Ma Jian Ying, Mr. Tsang Chun Kit Terence and Mr. Wang An Zhong as executive Directors, Mr. Shi Guang Rong as a non-executive Director and Mr. Leung Wah, Ms. Sun Ching and Ms. Wong Mei Ling as independent non-executive Directors.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the GEM website at www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the date of its posting and on the Company website at www.8192.com.hk.