



# GLOBAL TOKEN LIMITED

(formerly known as Global Energy Resources International Group Limited)

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

# 2018

## THIRD QUARTERLY REPORT



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

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

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

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

## RESULTS

The board of directors of the Company (the “Board”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months and nine months ended 30 September 2018 respectively together with the comparative unaudited figures for the corresponding periods in 2017 as follows:

### Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000
Revenue	3	<b>74,010</b>	4,800	<b>179,584</b>	147,060
Cost of sales		<b>(67,182)</b>	(3,516)	<b>(166,353)</b>	(135,779)
Gross profit		<b>6,828</b>	1,284	<b>13,231</b>	11,281
Other revenue	3	<b>2</b>	6	<b>7</b>	11
Other gains	4	<b>3</b>	646	<b>1</b>	3,200
Change in fair value of cryptocurrencies	5	<b>(1,914)</b>	–	<b>(9,973)</b>	–
Selling and distribution expenses		<b>(1,087)</b>	(480)	<b>(1,636)</b>	(1,172)
Administrative and other operating expenses		<b>(18,269)</b>	(7,499)	<b>(66,647)</b>	(23,168)
<b>Loss from operations</b>		<b>(14,437)</b>	(6,043)	<b>(65,017)</b>	(9,848)
Finance costs	7	<b>–</b>	(3)	<b>–</b>	(796)
<b>Loss before taxation</b>	8	<b>(14,437)</b>	(6,046)	<b>(65,017)</b>	(10,644)
Taxation	9	<b>(131)</b>	–	<b>(262)</b>	–
<b>Loss for the period</b>		<b>(14,568)</b>	(6,046)	<b>(65,279)</b>	(10,644)

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000
<b>Loss for the period attributable to</b>					
Owners of the Company		<b>(13,353)</b>	(5,105)	<b>(58,185)</b>	(7,521)
Non-controlling interests		<b>(1,215)</b>	(941)	<b>(7,094)</b>	(3,123)
		<b>(14,568)</b>	(6,046)	<b>(65,279)</b>	(10,644)
<b>Loss per share for the period attributable to owners of the Company</b>					
Basic and diluted (HK cents)	10	<b>(1.29)</b>	(0.49)	<b>(5.61)</b>	(0.85)

### Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Three months ended		Nine months ended	
	30 September		30 September	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Loss for the period</b>	<b>(14,568)</b>	(6,046)	<b>(65,279)</b>	(10,644)
<b>Other comprehensive (loss)/ income for the period, net of income tax</b>				
<i>Item that may be subsequently reclassified to profit or loss:</i>				
Exchange differences on translation of foreign operations	<b>(4,660)</b>	2,219	<b>(6,180)</b>	6,005
<b>Total comprehensive loss for the period</b>	<b>(19,228)</b>	(3,827)	<b>(71,459)</b>	(4,639)
<b>Other comprehensive loss for the period attributable to</b>				
Owners of the Company	<b>(17,508)</b>	(3,634)	<b>(63,618)</b>	(1,987)
Non-controlling interests	<b>(1,720)</b>	(193)	<b>(7,841)</b>	(2,652)
	<b>(19,228)</b>	(3,827)	<b>(71,459)</b>	(4,639)

Unaudited Condensed Consolidated Statement of Changes in Equity

	Attributable to owners of the Company									Non-controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Capital reserve HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Statutory reserve HK\$'000	Share-based payment reserve HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Sub-total HK\$'000		
At 1 January 2017 (Audited)	23,031	1,030	514,940	11	324	34,875	(16,461)	(286,580)	271,170	(7,483)	263,687
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	-	-	-	-	-	-	-	(7,521)	(7,521)	(3,123)	(10,644)
Other comprehensive income, net of income tax: Exchange differences on translating foreign operations	-	-	-	-	-	-	5,534	-	5,534	471	6,005
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	5,534	(7,521)	(1,987)	(2,652)	(4,639)
At 30 September 2017 (Unaudited)	41,455	1,030	634,138	11	324	14,504	(10,927)	(273,730)	406,805	(10,135)	396,670
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	-	-	-	-	-	-	-	(58,185)	(58,185)	(7,094)	(65,279)
Other comprehensive loss, net of income tax: Exchange differences on translating foreign operations	-	-	-	-	-	-	(5,433)	-	(5,433)	(747)	(6,180)
Total comprehensive loss for the period	-	-	-	-	-	-	(5,433)	(58,185)	(63,618)	(7,841)	(71,459)
At 30 September 2018 (Unaudited)	<b>41,455</b>	<b>1,030</b>	<b>634,138</b>	<b>11</b>	<b>324</b>	<b>14,224</b>	<b>(13,995)</b>	<b>(363,106)</b>	<b>314,081</b>	<b>(15,782)</b>	<b>298,299</b>

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

The accounting policies adopted in preparing the unaudited condensed consolidated results for the nine months ended 30 September 2018 are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2017 ("the 2017 Financial Statements"), except for the amendments and interpretations of HKFRSs issued by HKICPA which have become effective in this period as detailed in the notes of the 2017 Financial Statements. The adoption of the New HKFRSs has no material impact on the accounting policies in the Group's condensed consolidated financial statements for the period.

### 3. Revenue

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

	Three months ended 30 September		Nine months ended 30 September	
	2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000
<b>Revenue</b>				
Rental of air-conditioners	1,200	1,478	3,176	3,316
Trading business	52,681	1,682	135,848	139,608
Money lending business	893	780	2,727	1,974
Securities trading business	561	860	2,351	2,162
Blockchain technology related business	18,675	–	35,482	–
	<b>74,010</b>	4,800	<b>179,584</b>	147,060
<b>Other revenue</b>				
Interest income	1	5	3	10
Sundry income	1	1	4	1
	<b>2</b>	6	<b>7</b>	11

### 4. Other Gains

	Three months ended 30 September		Nine months ended 30 September	
	2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000
Exchange gains, net	3	53	1	51
Net gain on financial assets at fair value through profit or loss	–	593	–	3,149
	<b>3</b>	646	<b>1</b>	3,200

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

The cryptocurrencies principally represented the ETH 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 participants 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.

## **6. Segment Information**

Information reported to the Board, 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 nine months ended 30 September 2018:**

	Rental of air- conditioners <i>HK\$'000</i>	Trading business <i>HK\$'000</i>	Operations of the CETP <i>HK\$'000</i>	Money lending business <i>HK\$'000</i>	Securities trading business <i>HK\$'000</i>	Blockchain technology related business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	3,176	135,848	-	2,727	2,351	35,482	179,584
Segment results	(6,359)	2,680	(1,306)	1,924	(1,230)	(6,724)	(11,015)
Other revenue							7
Exchange gains, net							1
Change in fair value of cryptocurrencies							(9,973)
Central administrative costs							(44,037)
Loss before taxation							(65,017)
Taxation							(262)
Loss for the period							(65,279)

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For the nine months ended 30 September 2017:

	Rental of air- conditioners HK\$'000	Trading business HK\$'000	Operations of the CETP HK\$'000	Money lending business HK\$'000	Securities trading business HK\$'000	Blockchain technology related business HK\$'000	Total HK\$'000
Segment revenue	3,316	139,608	-	1,974	2,162	-	147,060
Segment results	(6,323)	4,650	(1,793)	926	(1,495)	-	(4,035)
Other revenue							11
Exchange gains, net							51
Net gain on financial assets at fair value through profit or loss							3,149
Central administrative costs							(9,024)
Finance costs							(796)
Loss for the period							(10,644)

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

### 7. Finance Costs

	Three months ended 30 September		Nine months ended 30 September	
	2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000
Interest expenses on other borrowings				
– secured and wholly repayable within one year	-	-	-	320
– unsecured and wholly repayable within one year	-	-	-	465
Interest expenses on obligations under finance lease	-	3	-	11
	-	3	-	796

## 8. Loss before Taxation

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

	Three months ended 30 September		Nine months ended 30 September	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Directors' emoluments	432	552	1,495	1,754
Employee benefit expenses (excluding directors' emoluments) (Note)	9,275	2,763	27,161	8,902
Equity-settled share-based payments	–	–	12,200	–
Depreciation				
– Owned property, plant and equipment	2,713	2,712	8,943	8,113
– Leased property, plant and equipment	–	34	–	103
Loss on disposal of property, plant and equipment	60	–	71	–
Cost of inventories recognised as an expense	65,405	1,570	160,293	130,184
Operating lease rentals in respect of rented premises	1,176	1,157	3,429	3,443

Note: During the three and nine months ended 30 September 2018, the Group incurred expenses for the purpose of research and development of approximately HK\$3,307,000 and HK\$13,374,000, respectively (three and nine months ended 30 September 2017: Nil), which mainly comprised employee benefits expenses.

9. Taxation

	Three months ended 30 September		Nine months ended 30 September	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Current tax:</b>				
Hong Kong profits tax	131	–	262	–

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 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 nine months ended 30 September 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 nine months ended 30 September 2018 and 2017.

10. Loss per Share

	Three months ended 30 September		Nine months ended 30 September	
	2018	2017	2018	2017
	Loss for the period attributable to owners of the Company (HK\$)	(13,353,000)	(5,105,000)	(58,185,000)
Weighted average number of ordinary shares in issue	1,036,379,025	1,036,379,025	1,036,379,025	884,846,661
Basic loss per share (HK cents)	(1.29)	(0.49)	(5.61)	(0.85)

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 nine months ended 30 September 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.

## **11. Dividend**

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

## **12. Events after the Reporting Period**

- (i) On 15 October 2018, the Group entered into a sale and purchase agreement (the "SP Agreement") with Rainbow Edge Limited, a company incorporated in Seychelles with limited liability, for the disposal of its entire interests in Wonderful Dream Limited and its subsidiaries, Vax Limited and Hong Kong Carbon Emission Trading Limited (the "Disposal Group") at a consideration of HK\$50,000,000 which was settled by transferring the 91,240,875.9 units of XPA to the Group (the "Disposal and Acquisition"). 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 disposal was completed on 15 October 2018. The Disposal Group was principally operating of carbon emission trading platform and related services. Details of the Disposal and Acquisition are set out in the Company's announcement dated 15 October 2018.
- (ii) On 15 October 2018, the Group entered into a termination deed with TideEX Technology Limited ("TTL"), a company incorporated under laws of Republic of Seychelles, in which Mr. Chen Ping (*Chairman and executive Director*) and Ms. Ma Jian Ying (*Co-Chief Executive Officer and executive Director*) hold 85% and 15% interest respectively, to terminate the joint venture agreement (the "JV Agreement") entered into between the Company and TTL on 16 November 2017. Neither party would have any claims against the other as a result of the termination of the JV Agreement. Details of termination of JV Agreement are set out in the Company's announcement dated 15 October 2018.

## 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\$3,176,000 of revenue from the business for the nine months ended 30 September 2018, representing a slight decrease of 4.2% compared to the last corresponding period of approximately HK\$3,316,000. The business remains a steady growth on the air-conditioners usage hours.

Segment loss slightly rose by 0.6% from approximately HK\$6,323,000 for the nine months ended 30 September 2017 to approximately HK\$6,359,000 for the nine months ended 30 September 2018. The depreciation of leased air-conditioners remains the largest component of the operating costs, representing more than 60.0% of the total operating costs. Aside from the depreciation charges, other operating costs comprising the staff costs, rental expenses and repairing costs are sufficiently controlled. The Group has striven to enhance the utilisation rate of leased air-conditioners by expanding the customer base.

### 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 nine months ended 30 September 2018, the business generated the trading revenue of approximately HK\$135,848,000 (30 September 2017: approximately HK\$139,608,000), representing a slight decrease of 2.7% compared to the last corresponding period.

Profit of this segment was decreased 42.4% from approximately HK\$4,650,000 for the nine months ended 30 September 2017 to approximately HK\$2,680,000 for the nine months ended 30 September 2018 due to the decrease on gross profit margin. The gross profit margin is sensitive as a result of the continuous Sino-US trade war. With the economic uncertainties posed by the trade war and other unfavorable factors such as the slow-down in the economic development and money-supply in China, the Group will continue to attach more importance to liquidity and to diversify the customer base.

### **Operations of Carbon Emission Trading Platform and Related Services**

The Group has no revenue from the operations of carbon emission trading platform (the “Operations of the CETP”) for the nine months ended 30 September 2018 and 2017. Loss of this segment decreased by 27.2% from approximately HK\$1,793,000 for the nine months ended 30 September 2017 to approximately HK\$1,306,000 for the nine months ended 30 September 2018 as a result of the tightening cost control.

The project of 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 (the “Project”) in providing service to 內蒙古根河林業局 in assisting to apply for the CCER (*namely Chinese Certified Emission Reduction, trading through the CETP*) quotas from the National Development and Reform Commission (“NDRC”) has been delayed along with the incomprehensive carbon emission trading policy.

The development of carbon trading in the PRC was slow due to unclear systems and procedures for verifying the carbon emission products and the absence of a unified market. The price of the carbon allowance, CER and CCER is also not stable leading to a lack of confidence for the investors in entering into the market. The Operations of the CETP is therefore facing a challenge in Hong Kong as a result to a lack of knowledge or awareness to conduct the carbon emission trading. The business is underperformance and is considered as cost-intensive to continue the business with the unfavourable factors in the industry.

On 15 October 2018, the Group entered into a sale and purchase agreement to dispose the entire business at a consideration of HK\$50,000,000. Details of the disposal are set out in the Company’s announcement dated 15 October 2018.

### **Money Lending Business**

The Group recorded loans interest income of approximately HK\$2,727,000 from the money lending business for the nine months ended 30 September 2018, representing a growth of 38.1% compared with to the last corresponding period of approximately HK\$1,974,000. 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 107.8% from approximately HK\$926,000 for the nine months ended 30 September 2017 to approximately HK\$1,924,000 for the nine months ended 30 September 2018.

## **Securities Trading Business**

The revenue from the securities trading business mainly comprised of the brokerage income. The Group recorded approximately HK\$2,351,000 of revenue from the securities trading business for the nine months ended 30 September 2018, representing an increase of 8.7% compared to the last corresponding period of approximately HK\$2,162,000. The turnover for the nine months ended 30 September 2018 was approximately 921.3 million, which increased by 7.4% comparing with approximately HK\$857.8 million of the same period of last year. The growth in brokerage income in the third quarter was slow down caused by the adjustment pressure in the third quarter.

Segment loss decreased by 17.7% from approximately HK\$1,495,000 for the nine months ended 30 September 2017 to HK\$1,230,000 for the nine months ended 30 September 2018 as a result of the effective cost control. The Hong Kong stock market are expected to have adjustment pressure in the fourth quarter of the 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. It is mainly engaged in (i) mainstream cryptocurrencies trading, (ii) non-mainstream cryptocurrencies trading and (iii) enterprise solution for blockchain technology.

### ***(i) Mainstream cryptocurrencies trading***

During the nine months ended 30 September 2018, the Group recorded revenue of approximately HK\$31,565,000 from mainstream cryptocurrencies trading, accounting for 17.6% of the total revenue. The gross profit margin remains at about 2.0% in average. The Group implemented effective price risk control procedures and did not sustain any loss since the commencement of the business.

**(ii) Non-mainstream cryptocurrencies trading**

On May 2018, the Group launched the trading of non-mainstream cryptocurrencies by setting up a cryptocurrencies trading platform – *TiDeal* to allow our clients to buy and sell non-mainstream cryptocurrencies in a website. The commission income derived from the platform is approximately HK\$3,917,000 for the nine months ended 30 September 2018. The registered members of *TiDeal* is now accumulated to approximately 35,000 registered users since its launch in May 2018.

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

The Group is actively developing enterprise solutions based on blockchain technology, providing blockchain-based software technology consulting and research and development 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 cryptocurrencies 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 however, the management of the Group expect that this business segment could generate some revenue in the future.

The loss of the segment of approximately HK\$6,724,000 is caused by the substantial investment in the research and development and operation costs for blockchain technology related to enterprise solutions and cryptocurrencies trading platform, comprising the staff costs of software engineers and IT programmers, and operating staffs. The Group will aggressively 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 nine months ended 30 September 2018, the Group's unaudited consolidated revenue was approximately HK\$179,584,000 (30 September 2017: approximately HK\$147,060,000), representing an increase of 22.1% comparing to the corresponding period of last year. The increase was mainly attributed by the increase in revenue from blockchain technology related business.

### Change in Fair Value of Cryptocurrencies

To maximise the Group's return in the long run, the Group mainly invested two types of cryptocurrencies – ETH and XPA through open markets during the period. During the nine months ended 30 September 2018, the net change in fair value of cryptocurrencies amounted to a loss of approximately HK\$9,973,000 (30 September 2017: Nil), suffering from the crypto economy downturn in the second and third quarters of the year.

### Selling and Distribution Expenses

The selling and distribution expenses of the Group was approximately HK\$1,636,000 for the nine months ended 30 September 2018 (30 September 2017: approximately HK\$1,172,000), representing an increase of 39.6% comparing with the corresponding period of last year. The increase was driven by the recruitment of marketing talents for the blockchain technology related business.

### Administrative and Other Operating Expenses

The administrative and other operating expenses for nine months ended 30 September 2018 amounted to approximately HK\$66,647,000 (30 September 2017: approximately HK\$23,168,000), representing an increase of 187.7% comparing with the corresponding period of last year. The increase was mainly attributed to (i) the equity-settled share-based payments of HK\$12,200,000 for nine months ended 30 September 2018 (30 September 2017: Nil); and (ii) the research and development costs together with other related operating costs arising from the development of the blockchain technology related business. The research and development costs mainly comprised of the staff costs 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\$10,644,000 for the nine months ended 30 September 2017 to approximately HK\$65,279,000 for the nine months ended 30 September 2018. The substantial increase in loss was mostly related to the loss in fair value change of cryptocurrencies of approximately HK\$9,973,000 and the substantial investment in the research and development of blockchain technology related business which resulted in a significant increase in the Group's administrative and other operating expenses during the period.

Excluding the effect of equity-settled share-based payments, the Group recorded a loss of approximately HK\$53,079,000 for the nine months ended 30 September 2018 (30 September 2017: approximately HK\$10,644,000).

## **SIGNIFICANT INVESTMENT**

### **Investment in Cryptocurrencies**

As at 30 September 2018, the Group had an aggregate of approximately 2,400 units of ETH and approximately 22.2 million 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 independent of a central bank. The blockchain is a public record of cryptocurrency transactions in chronological order. The blockchain 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.

ETH is a cryptocurrency of which its blockchain is generated by the Ethereum platform. Ethereum platform is a decentralized platform that runs smart contracts and allow 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, and 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.

The acquisitions of ETH and XPA are strategic moves of the Group to seek for better investment return of its financial resources. The Board considered the optimistic future on prospects of blockchain technology and cryptocurrencies. The Board also view that the acquisitions of ETH and XPA provide the Group with a good investment opportunity to expand investment portfolio with quality assets in long run. Although the cryptocurrencies market price has deteriorated in a relatively low level recently, reflecting the volatility of the market, the Directors believe 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.

The Board also 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 authorization with respect to the withdrawals of cryptocurrencies, password access to cryptocurrencies trading accounts by authorized persons only, implementation of two-factor authentication in relation to access to trading accounts and withdrawal of cryptocurrencies, and email notification to authorized persons in the event there is a log-in to the cryptocurrencies 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 cryptocurrencies trading accounts of the Group.

## Investment in Cryptocurrencies

### *Mainstream cryptocurrencies trading*

In April 2018, the Group launched the trading of mainstream cryptocurrencies. Mainstream cryptocurrencies include but not limited to major cryptocurrencies i.e. Bitcoin (BTC) and Ethereum (ETH). The mainstream cryptocurrencies trading business targets to those clients who would like to make bulk purchase only (generally with trading amount of over HK\$1 million). The Group sees strong demand of BTC and ETH in the World 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 Director expects that the market value of the cryptocurrencies will pick up the growth in the long run.

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

The Group has established relationships with international suppliers of cryptocurrencies mainly from the United States, allowing the Group to secure the required amounts of cryptocurrencies at cost-effective prices that are then sold to clients at a markup.

In order to source the customers, the Group has established cooperation with Tidebit which is one of the leading trading platforms 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 (*Co-Chief Executive Officer and Executive Director*). Tidebit is a Hong Kong-based cryptocurrencies trading platform. The trading platform currently has more than 43,000 users. The Group has established a strategic partnership agreement with Tidebit for a 3-years term. Tidebit will refer clients to the Group for block trades while the Group will refer clients to Tidebit for retail trades. There is no commission in introducing customers from Tidebit and vice versa.

The business model of the mainstream cryptocurrencies trading is not a commission based but through earning the price spread between the cost of purchase of the cryptocurrencies from the U.S. suppliers and the selling price to our end clients. The spread is affected by the factors including but not limited to the regulation of the cryptocurrencies market, the behavior of the clients and the future trend of the cryptocurrencies market.

### ***Non-mainstream cryptocurrencies trading***

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

As of September 2018, *TiDeal* has reached to approximately 35,000 registered users since its launch in May 2018. The clients are mostly from Indonesia, Vietnam and India. The Group plans to increase the revenue streams of this cryptocurrencies trading business by expanding its customer base internationally into markets such as Japan, Malaysia and other Asia regions through increasing marketing effects of the social media channels such as telegram, WeChat, Facebook and WhatsApp. The Group has actively participating in global cryptocurrency and blockchain technology communities. The management team of the Group has also been invited as guest speakers in international industry events such as the SPOT conference organized by the Bitcoin Association of Hong Kong, and the World Blockchain Summit, Hong Kong 2018.

The platform has an international client base, and clients are able to use the platform to conduct trades of cryptocurrency pairs, while cryptocurrency utility token projects are also able to use the *TiDeal* platform to reach potential users. Users of *TiDeal* are not able to trade fiat currency for cryptocurrencies through the platform.

## **PRINCIPAL RISKS**

The Group's financial position, business prospect may be affected by a number of risks including operation risk, market risk, financial risk and compliance risk. The carbon emission trading platform is susceptible to information technology risks. The Group's trading business and money lending business are subject to credit risks and foreign currency risk respectively. The Group has also just commenced blockchain technology related business and the related operation risks, compliance risks and financial risks are set out as following.

**The Group's development of blockchain technology is in its early stage, and it may not obtain wide market acceptance in the future**

Blockchain is an open-source peer to decentralized digital ledger comprising a series of data blocks that are linked and secured using cryptography. Although there is a strong potential for blockchain technology in various applications, including but not limited to those in 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.

**We face intense industry competition**

We operate in a highly competitive industry for cryptocurrencies trading platforms. Our competitors include many well-known domestic and international players, we face some competitors that is larger than us and have an advantage over us in terms of financial and other resources. We expect that competition in the cryptocurrencies trading platforms industry will continue to be intense as we competes not only with existing players that have been currently focusing on cryptocurrencies trading platforms, but also new entrants. We expect that to face some of these competitors may have stronger brand name, longer history, and better relationship with the clients and more resources than we do. Moreover, some of these competitors may be adapt to change in the cryptocurrencies industry more promptly and efficiently. Competitive environment from the existing and potential competitors could result in decreasing in our market share. If we fail to compete effectively and efficiently or fail to adapt to changes in this environment, our cryptocurrencies trading platforms business, financial condition and results of operations may be materially and adversely affected.

**We may encounter difficulties in recruiting and retaining key personnel**

Our future growth and success depend to a significant extent on the continuing service and contribution of our engineers and senior management personnel. Much of the Group's future success on this business depends on the continued available 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 of their talents is intense.

**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;
- there is no legislation that directly regulate nor define cryptocurrencies or crypto exchanges in Hong Kong. Stemming from the degree of uncertainty within the statutory law, other secondary sources are relied on, whether relevant legislations and/or publications from governmental authorities.
- 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 September 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 September 2018:

	<b>Intended use of net proceeds</b> <i>HK\$ million</i>	<b>Utilisation</b> <i>HK\$ million</i>	<b>Remaining balance as at 30 September 2018</b> <i>HK\$ million</i>
Repayment of short-term loan	21.00	(21.00)	–
Expansion of securities 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 September 2018:

	Intended use of net proceeds	Utilisation before reallocations	Reallocations	Utilisation after reallocations up to 30 September 2018	Remaining balance as at 30 September 2018
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
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)	-	(0.96)	0.47
Investment business sector <i>(Note)</i>	-	-	50.00	(27.36)	22.64
General working capital	21.69	(0.46)	-	(17.75)	3.48
<b>Total</b>	<b>99.69</b>	<b>(12.00)</b>	<b>-</b>	<b>(46.07)</b>	<b>41.62</b>

## 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.

## MAJOR EVENTS AFTER THE REPORTING PERIOD

Details of the significant events of the Group after the reporting period are set out in Note 12 to the condensed consolidated financial statements.

## DIVIDENDS

The Board does not recommend the payment of a dividend for the nine months ended 30 September 2018 (30 September 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 nine months ended 30 September 2018.

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

As at 30 September 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 Par XV of the Securities and Futures Ordinance, Cap. 571 OF THE Laws of Hong Kong (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

### Long positions in shares and underlying shares of the Company

Name of Directors	Number of underlying shares held under share options	Percentage of the issued share capital of the Company
Mr. Chen Ping	10,356,000	1.00%
Ms. Ma Jian Ying	10,356,000	1.00%
Mr. Tsang Chun Kit Terence	10,356,000	1.00%
Mr. 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 September 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 September 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 September 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 HK\$	Exercise period
Directors	11 January 2018	Vested upon granted	-	35,208,000	-	-	35,208,000	0.370	11 January 2018 – 9 May 2022
Employees and consultants	18 January 2016	Vested upon granted	12,259,000	-	-	(6,129,500)	6,129,500	0.488 (note)	18 January 2016 – 9 May 2022
	11 January 2018	Vested upon granted	-	19,668,000	-	-	19,668,000	0.370	11 January 2018 – 9 May 2022
			12,259,000	54,876,000	-	(6,129,500)	61,005,500		

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

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

As at 30 September 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 September 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 nine months ended 30 September 2018 except the code provision A.2.1 of the CG Code as disclosed below.

## **AUDIT COMMITTEE**

The Company established an audit committee (the "Audit Committee") with written terms of reference in compliance with the provisions set out in the CG Code particularly C.3.3 of the CG Code and Rules 5.28 and 5.33 of the GEM Listing Rules. As at the date of this report, the Audit Committee comprises three members, Mr. Leung Wah (Chairman), Ms. Sun Ching and Ms. Wong Mei Ling, all of them are independent non-executive Directors.

The primary duties of the Audit Committee are to review and supervise the financial reporting process, internal controls system and risk management system of the Group, and provide advice and comments on the Company's draft annual reports and accounts, half year reports and quarterly reports to the Directors. The Audit Committee has reviewed the Group's unaudited third quarterly results for the nine months ended 30 September 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 September 2018.

As at the date of this report, 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 Token Limited**

**Ma Jian Ying**

*Co-Chief Executive Officer and Executive Director*

Hong Kong, 9 November 2018