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## **GLOBAL TOKEN LIMITED**

**環球通証有限公司**

*(continued in Bermuda with limited liability)*

**(Stock Code: 8192)**

### **ANNOUNCEMENT OF UNAUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019**

#### **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.**

*This announcement, 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 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.*

## UNAUDITED CONSOLIDATED RESULT

The board (the “**Board**”) of directors (the “**Directors**”) of Global Token Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce the unaudited consolidated results of the Group for the year ended 31 December 2019, together with the comparative figures for the year ended 31 December 2018, which have been prepared in accordance with the Hong Kong Financial Reporting Standards (“**HKFRSs**”) as below. For the reasons explained in the paragraph headed “Review of Unaudited Annual Results” in this announcement, the auditing process for the annual results of the Group for the year ended 31 December 2019 has not been completed.

### UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 December 2019*

	<i>Note</i>	<b>2019</b> <i>HK\$’000</i> <b>(Unaudited)</b>	2018 <i>HK\$’000</i> <b>(Audited)</b>
<b>Continuing operations</b>			
Revenue	4	<b>169,084</b>	177,448
Cost of sales		<b>(159,209)</b>	(156,349)
Gross profit		<b>9,875</b>	21,099
Other revenue	4	<b>57</b>	9
Other gains and losses	5	<b>342</b>	(56)
Impairment loss on cryptocurrencies		<b>(23,279)</b>	(54,545)
Impairment loss on goodwill		<b>(6,617)</b>	(2,365)
Net (allowance for)/reversal of allowance for expected credit losses on financial assets at amortised cost		<b>(5,549)</b>	243
Loss on disposal of subsidiaries		–	(22,791)
Selling and distribution expenses		<b>(291)</b>	(1,193)
Administrative and other operating expenses		<b>(50,054)</b>	(68,933)
<b>Loss from operations</b>		<b>(75,516)</b>	(128,532)
Finance costs	6	<b>(113)</b>	–
<b>Loss before taxation</b>	7	<b>(75,629)</b>	(128,532)
Taxation	8	–	(92)
<b>Loss for the year from continuing operations</b>		<b>(75,629)</b>	(128,624)

	<i>Note</i>	<b>2019</b> <i>HK\$'000</i> <b>(Unaudited)</b>	2018 <i>HK\$'000</i> <b>(Audited)</b>
<b>Discontinued operation</b>			
Loss for the year from discontinued operations, net of income tax	9	<u>(9,213)</u>	<u>(25,993)</u>
Loss for the year		<b>(84,842)</b>	(154,617)
<b>Other comprehensive (loss)/income for the year, net of income tax</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		(1,722)	(8,004)
Reclassification adjustments relating to foreign operations disposed of during the year		<u>–</u>	<u>172</u>
<b>Other comprehensive loss for the year, net of income tax</b>		<u>(1,722)</u>	<u>(7,832)</u>
<b>Total comprehensive loss for the year</b>		<b><u>(86,564)</u></b>	<b><u>(162,449)</u></b>
<b>Loss for the year attributable to owners of the Company</b>			
– from continuing operations		(72,265)	(125,932)
– from discontinued operation		<u>(4,699)</u>	<u>(13,256)</u>
		<b><u>(76,964)</u></b>	<b><u>(139,188)</u></b>
<b>Loss for the year attributable to non-controlling interests</b>			
– from continuing operations		(3,364)	(2,692)
– from discontinued operation		<u>(4,514)</u>	<u>(12,737)</u>
		<b><u>(7,878)</u></b>	<b><u>(15,429)</u></b>
Loss for the year		<b><u>(84,842)</u></b>	<b><u>(154,617)</u></b>

	<i>Note</i>	<b>2019</b> <b>HK\$'000</b> <b>(Unaudited)</b>	2018 <i>HK\$'000</i> <b>(Audited)</b>
<b>Total comprehensive loss for the year attributable to</b>			
Owners of the Company		(78,184)	(143,746)
Non-controlling interests		<u>(8,380)</u>	<u>(18,703)</u>
		<b><u>(86,564)</u></b>	<b><u>(162,449)</u></b>
<b>Loss per share attributable to owners of the Company for the year</b>			
			(Restated)
<b>For continuing and discontinued operations</b>			
Basic and diluted ( <i>HK cents</i> )	10	<b><u>(7.43)</u></b>	<b><u>(13.43)</u></b>
<b>For continuing operations</b>			
Basic and diluted ( <i>HK cents</i> )	10	<b><u>(6.97)</u></b>	<b><u>(12.15)</u></b>

## UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	<i>Note</i>	<b>2019</b> <i>HK\$'000</i> <b>(Unaudited)</b>	2018 <i>HK\$'000</i> <b>(Audited)</b>
<b>Assets and liabilities</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>5,002</b>	21,397
Right-of-use assets		<b>8,937</b>	–
Goodwill		<b>1,957</b>	8,574
Other assets		<b>400</b>	400
Cryptocurrencies		<b>6,537</b>	32,858
		<b>22,833</b>	63,229
<b>Current assets</b>			
Trade receivables	12	<b>85,320</b>	83,344
Other receivables, deposits and prepayments		<b>1,102</b>	9,973
Loans receivable	13	<b>4,768</b>	11,937
Amounts due from related companies		–	5,640
Client trust bank balances		<b>1,808</b>	2,160
Cash and cash equivalents		<b>19,045</b>	48,982
		<b>112,043</b>	162,036
Assets classified as held-for-sale	9	<b>13,633</b>	–
		<b>125,676</b>	162,036
<b>Current liabilities</b>			
Trade payables	14	<b>4,408</b>	10,377
Accruals, deposits received and other payables		<b>7,390</b>	8,841
Lease liabilities		<b>3,036</b>	–
Amounts due to related parties		<b>1,200</b>	296
Tax payable		<b>92</b>	92
		<b>16,126</b>	19,606
Liabilities associate with disposal group classified as held-for-sale	9	<b>7,517</b>	–
		<b>23,643</b>	19,606
<b>Net current assets</b>		<b>102,033</b>	142,430
<b>Total assets less current liabilities</b>		<b>124,866</b>	205,659

	<b>2019</b> <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Audited)
<b>Non-current liabilities</b>		
Lease liabilities	<u>5,917</u>	<u>–</u>
<b>Net assets</b>	<u><b>118,949</b></u>	<u>205,659</u>
<b>Equity</b>		
Share capital	41,455	41,455
Reserves	<u>112,518</u>	<u>190,848</u>
<b>Total equity attributable to owners of the Company</b>	<b>153,973</b>	232,303
Non-controlling interests	<u>(35,024)</u>	<u>(26,644)</u>
<b>Total equity</b>	<u><b>118,949</b></u>	<u>205,659</u>

# NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

## 1 BASIS OF PREPARATION

The unaudited consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The consolidated financial statements have been prepared in accordance with HKFRSs, which is a collective term that includes all applicable individual HKFRSs, HKASs and Interpretations issued by the HKICPA, and accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements also comply with the applicable disclosure provisions of the GEM Listing Rules and the Hong Kong Companies Ordinance.

## 2 APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time in the current year:

HKFRSs (Amendments)	Annual improvements to HKFRSs 2015–2017 cycle
HKFRS 9 (Amendments)	Prepayment Feature with Negative Compensation
HKFRS 16	Leases
HKAS 19 (Amendments)	Plan Amendment, Curtailment or Settlement
HKAS 28 (Amendments)	Long-term interests in Associates and Joint Ventures
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

### **HKFRS 16 Leases**

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 Leases (“HKAS 17”), and the related interpretations.

#### *Definition of a lease*

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

### *As a lessee*

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019.

As at 1 January 2019, the Group recognised additional lease liabilities and measured right-of-use assets at the carrying amounts as if HKFRS 16 had been applied since commencement dates, but discounted using the incremental borrowing rates of the relevant group entities at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- (i) elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;
- (ii) excluded initial direct costs from measuring the right-of-use assets at the date of initial application;
- (iii) applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment;
- (iv) used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options; and
- (v) relied on the assessment of whether leases are onerous by applying HKAS 37 Provisions, Contingent Liabilities and Contingent Assets as an alternative of impairment review.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rates applied by the relevant group entities is 4.35%.

### *Lessee accounting and transitional impact*

To ease the transition to HKFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

- (i) the Group elected not to apply requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months of the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 31 December 2019;
- (ii) when measuring the lease liabilities at the date of initial application of HKFRS 16, the Group applied a single discount rate to a portfolio of lease with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment); and
- (iii) when measuring the right-of-use assets at the date of initial application of HKFRS 16, the Group relied on the previous assessment for onerous contract provision as at 31 December 2018 as an alternative to performing an impairment review.

As at 1 January 2019, the Group recognised additional lease liabilities and measured right-of-use assets at the carrying amounts as if HKFRS 16 had been applied since commencement dates, but discounted using the incremental borrowing rates of the relevant group entities at the date of initial application by applying HKFRS 16.C8(b)(i) transition. Any difference at the date of initial application is recognised in the opening retained earnings and comparative information has not been restated.



	<b>1 January 2019</b> <i>HK\$'000</i>
Accumulated losses as at 31 December 2019	444,961
Adjustments under HKFRS 16	<u>146</u>
Accumulated losses as at 1 January 2019 (Restated)	<u><u>445,107</u></u>

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 is as follows:

	<b>1 January 2019</b> <i>HK\$'000</i>
Operating lease commitment at 31 December 2018	5,559
Less: Future interest expenses	<u>(168)</u>
Present value of remaining lease payments, discounted using the incremental borrowing rate of at 1 January 2019	<u><u>5,391</u></u>
Analysis as:	
Non-current	4,291
Current	<u>1,100</u>
The lease liabilities recognised as at 1 January 2019	<u><u>5,391</u></u>

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the unaudited consolidated statement of financial position at 31 December 2018.

The carrying amount of right-of-use assets for own use as at 1 January 2019 comprises the following:

	<i>Note</i>	<i>HK\$'000</i>
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	(a)	<u>5,245</u>
<b>By class:</b>		
– Office premises		<u>5,245</u>

*Note:*

- (a) The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position at 31 December 2018.

The following table summarises the impacts of the adoption of HKFRS 16 on the Group's consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

<b>Consolidated statement of financial position (extract)</b>	<b>At 31 December</b>		<b>At 1 January</b>
	<b>2018</b> <i>HK\$'000</i> (Audited)	<b>HKFRS 16</b> <i>HK\$'000</i> (Unaudited)	<b>2019</b> <i>HK\$'000</i> (Unaudited)
<b>Non-current assets</b>			
Right-of-use assets ( <i>note 1</i> )	–	5,245	5,245
<b>Current liabilities</b>			
Lease liabilities	–	(1,100)	(1,100)
<b>Non-current liabilities</b>			
Lease liabilities	–	(4,291)	(4,291)
<b>Equity</b>			
Reserves	<u>190,848</u>	<u>(146)</u>	<u>190,702</u>

*Note:*

- (1) The application of HKFRS 16 to leases previously classified as operating leases under HKAS 17 resulted in the recognition of right-of-use assets of approximately HK\$5,245,000 and lease liabilities of approximately HK\$5,391,000 at the initial adoption of HKFRS 16.

### **New and amendments to HKFRSs in issue but not yet effective**

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKAS 1 and HKAS 8 (Amendments)	Definition of Material <sup>1</sup>
HKFRS 9, HKAS 39 and HKFRS 7 (Amendments)	Interest Rate Benchmark Reform <sup>1</sup>
HKFRS 3 (Amendments)	Definition of a Business <sup>2</sup>
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>
HKFRS 17	Insurance Contracts <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2020.

<sup>2</sup> Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2021.

<sup>4</sup> Effective for annual periods beginning on or after a date to be determined.

In addition to the above new and amendments to HKFRSs, a revised “Conceptual Framework for Financial Reporting” was issued in 2018. Its consequential amendments, the “Amendments to References to the Conceptual Framework” in HKFRS Standards, will be effective for annual periods beginning on or after 1 January 2020. The directors of the Company anticipate that the application of all the new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

### **3 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:

#### **Continuing operations**

- Trading business
- Operating of the carbon emission trading platform and related services (“Operation of the CETP”)
- Money lending business
- Securities trading business
- Blockchain technology related business

The segment of rental of energy-saving air-conditioners was discontinued during the year ended 31 December 2019.

The segment information below does not include any amounts for the discontinued operation, which are described in more details in Note 9.

## Segment revenue and results

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

### For the year ended 31 December 2019

#### Continuing operations

	Trading business <i>HK\$'000</i> (Unaudited)	Operation of the CETP <i>HK'000</i> (Unaudited)	Blockchain technology related business <i>HK\$'000</i> (Unaudited)	Money lending business <i>HK\$'000</i> (Unaudited)	Securities trading business <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Segment revenue	<u>165,555</u>	<u>-</u>	<u>215</u>	<u>1,500</u>	<u>1,814</u>	<u>169,084</u>
Segment results	<u>4,231</u>	<u>-</u>	<u>(12,927)</u>	<u>(4,771)</u>	<u>(8,477)</u>	<u>(21,944)</u>
Other revenue						57
Exchange loss, net						(6)
Loss on disposal of cryptocurrencies			(70)			(70)
Impairment loss on cryptocurrencies			(23,279)			(23,279)
Finance cost						(113)
Central administrative costs						<u>(30,274)</u>
Loss before taxation from continuing operations						<u><u>(75,629)</u></u>

### For the year ended 31 December 2018

#### Continuing operations

	Trading business <i>HK\$'000</i> (Audited)	Operation of the CETP <i>HK\$'000</i> (Audited)	Blockchain technology related business <i>HK\$'000</i> (Audited)	Money lending business <i>HK\$'000</i> (Audited)	Securities trading business <i>HK\$'000</i> (Audited)	Total <i>HK\$'000</i> (Audited) (Restated)
Segment revenue	<u>163,951</u>	<u>-</u>	<u>7,465</u>	<u>3,136</u>	<u>2,896</u>	<u>177,448</u>
Segment results	<u>2,577</u>	<u>(1,300)</u>	<u>(22,027)</u>	<u>2,409</u>	<u>(6,642)</u>	<u>(24,983)</u>
Other revenue						9
Exchange gain, net						9
Loss on disposal of cryptocurrencies			(65)			(65)
Impairment loss on cryptocurrencies			(54,545)			(54,545)
Loss on disposal subsidiaries						(22,791)
Central administrative costs						<u>(26,166)</u>
Loss before taxation from continuing operations						<u><u>(128,532)</u></u>

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

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent the profit or loss recorded by each segment without allocation of other revenue, exchange gain, net (included in other gains and losses), loss on disposal of cryptocurrencies, impairment loss on cryptocurrencies, loss on disposal of subsidiaries, finance cost and central administrative costs including directors' remuneration and taxation. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and assessment of segment performance.

### Segment assets and liabilities

#### For the year ended 31 December 2019

##### *Continuing operations*

	Trading business HK\$'000 (Unaudited)	Operating of the CETP HK\$'000 (Unaudited)	Money lending business HK\$'000 (Unaudited)	Securities trading business HK\$'000 (Unaudited)	Blockchain technology related business HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Segment assets	85,052	–	5,031	17,765	11,225	119,073
Add: assets relating to discontinued operation						13,633
Unallocated assets						15,803
Total assets						<u>148,509</u>
Segment liabilities	715	–	232	4,543	5,115	10,605
Add: liabilities relating to discontinued operation						7,517
Unallocated liabilities						11,438
Total liabilities						<u>29,560</u>

#### For the year ended 31 December 2018

	Trading business HK\$'000 (Audited)	Operating of the CETP HK\$'000 (Audited)	Money lending business HK\$'000 (Audited)	Securities trading business HK\$'000 (Audited)	Blockchain technology related business HK\$'000 (Audited)	Total HK\$'000 (Audited)
Segment assets	81,692	574	29,835	25,788	50,630	188,519
Add: assets relating to discontinued operation						24,854
Unallocated assets						11,892
Total assets						<u>225,265</u>
Segment liabilities	80	101	274	5,475	3,594	9,524
Add: liabilities relating to discontinued operation						9,073
Unallocated liabilities						1,009
Total liabilities						<u>19,606</u>

For the purpose of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than certain property, plant and equipment, certain right-of-use assets and assets held by the Company and its subsidiaries which the roles are investment holding companies; and
- all liabilities are allocated to reportable segments other than certain lease liabilities and liabilities held by the Company and its subsidiaries which the roles are investment holding companies.

### Other segment information

#### For the year ended 31 December 2019

##### Continuing operations

	Trading business HK\$'000 (Unaudited)	Operation of the CETP HK\$'000 (Unaudited)	Money lending business HK\$'000 (Unaudited)	Securities trading business HK\$'000 (Unaudited)	Blockchain technology related business HK\$'000 (Unaudited)	Unallocated HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Capital expenditure	-	-	-	-	2	2,656	2,658
Depreciation of property, plant and equipment	1,227	-	113	75	466	521	2,402
Depreciation of right-of-use assets	94	-	155	-	-	3,276	3,525
Impairment loss on goodwill	-	-	-	6,617	-	-	6,617
Impairment loss on cryptocurrencies	-	-	-	-	23,279	-	23,279
Loss on disposal of cryptocurrencies	-	-	-	-	70	-	70
Allowance for expected credit losses on financial assets at amortised cost	4	-	6,419	1	65	11	6,500
Reversal of allowance for expected credit losses on financial assets at amortised cost	(538)	-	(5)	(17)	(388)	(3)	(951)

#### For the year ended 31 December 2018

	Trading business HK\$'000 (Audited)	Operation of the CETP HK\$'000 (Audited)	Money lending business HK\$'000 (Audited)	Securities trading business HK\$'000 (Audited)	Blockchain technology related business HK\$'000 (Audited)	Unallocated HK\$'000 (Audited)	Total HK\$'000 (Audited)
Capital expenditure	-	-	-	24	2,293	37	2,354
Depreciation of property, plant and equipment	1,718	316	143	74	354	1,169	3,774
Impairment loss on goodwill	-	-	-	2,365	-	-	2,365
Impairment loss on cryptocurrencies	-	-	-	-	54,545	-	54,545
Loss on disposal of cryptocurrencies	-	-	-	-	65	-	65
Allowance for expected credit losses on financial assets at amortised cost	553	-	32	21	371	25	1,002
Reversal of allowance for expected credit losses on financial assets at amortised cost	(393)	-	(527)	(32)	(292)	(1)	(1,245)

## Revenue from major operations

The Group's revenue from its major operations is set out in Note 4.

## Geographical information

The Group's revenue from external customers and its non-current assets (other than financial instruments) are divided into the following geographical areas:

	Revenue from external customers		Non-current assets	
	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Audited)	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Audited)
<b>Geographical market</b>				
PRC	165,555	163,951	993	18,725
Hong Kong	3,529	13,497	21,840	44,504
Total	<u>169,084</u>	<u>177,448</u>	<u>22,833</u>	<u>63,229</u>

The geographical location of customers is based on the location at which the services were rendered or the goods were delivered. The geographical location of the non-current assets is based on the physical location of the assets.

## Information about major customers

For the year ended 31 December 2019, approximately HK\$152,589,000 or 90.2% (unaudited) (2018: approximately HK\$134,578,000 or 75.8% (restated)) (audited) of the Group's revenue generated from three customers (the trading business segment) (2018: three customers (the trading business segment)). Each customer has individually accounted for over 10% of the Group's total revenue.

Revenue from major customers, each of them amounted to 10% or more of the Group's revenue, are set out below:

	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Audited)
Customer A <sup>1</sup>	64,823	70,333
Customer B <sup>1</sup>	63,372	24,876
Customer C <sup>1</sup>	<u>24,394</u>	<u>39,369</u>

<sup>1</sup> Revenue generated from the trading business segment.

## 4 REVENUE

Revenue arised from sale of electronic products, interest income from provision of money lending business, brokerage and commission income from provision of securities trading services, net realised gains from OTC, commission and service income and blockchain solution service income from blockchain technology related business. Revenue and other revenue recognised during the year are as following:

### Disaggregation of revenue from contracts with customers

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Audited) (restated)
<b>Continuing operations</b>		
<i>Timing of revenue recognition</i>		
<b>Revenue recognised at a point in time</b>		
Revenue from sale of electronic products	165,555	163,951
Brokerage and commission income from securities trading business	1,814	2,896
Blockchain technology related business:		
– Commission and service income from trading platform	–	6,123
– Blockchain solution service income	73	210
– Realised gains from OTC trading, net	142	1,132
	<hr/>	<hr/>
Revenue from contracts with customers	167,584	174,312
<b>Revenue from other source</b>		
Interest income from money lending business	1,500	3,136
	<hr/>	<hr/>
	<b>169,084</b>	<b>177,448</b>
	<hr/> <hr/>	<hr/> <hr/>
	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Audited)
<b>Other revenue</b>		
Interest income	4	3
Sundry income	53	6
	<hr/>	<hr/>
	<b>57</b>	<b>9</b>
	<hr/> <hr/>	<hr/> <hr/>



## 5 OTHER GAINS AND LOSSES

	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Audited) (restated)
<b>Continuing operations</b>		
Gain on disposal of property, plant and equipment	418	–
Loss on disposal of cryptocurrencies	(70)	(65)
Exchange (loss)/gain, net	(6)	9
	<u>342</u>	<u>(56)</u>

## 6 FINANCE COSTS

	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Audited)
<b>Continuing operations</b>		
Interest on lease liabilities	113	–

## 7 LOSS BEFORE TAXATION

	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Audited) (restated)
<b>Continuing operations</b>		
Loss before taxation is arrived at after charging/(crediting):		
Auditors' remuneration		
– Audit services	830	780
– Non-audit services	30	30
Depreciation		
– Owned property, plant and equipment	2,402	3,774
– Right-of-use assets	3,525	–
Cost of inventories recognised as an expense	159,161	153,349
Operating lease rentals in respect of rented premises	–	4,664
Loss on disposal of property, plant and equipment	–	636
Impairment loss on property, plant and equipment	–	4,002
Impairment loss on goodwill	6,617	2,365
Loss on disposal of cryptocurrencies	70	65
Impairment loss on cryptocurrencies	23,279	54,545
Allowance for expected credit losses on financial assets at amortised cost	6,500	1,002
Reversal of allowance for expected credit losses on financial asset at amortised cost	(951)	(1,245)
License fee for cryptocurrencies trading platform	4,446	9,360
Equity-settled share-based payments	–	12,087
Employee benefit expenses (excluding directors' remuneration)		
– Salaries allowances and benefits in kind	23,142	28,395
– Contributions to retirement benefits scheme	1,843	1,889

## 8 TAXATION

	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Audited)
<b>Continuing operations</b>		
<b>Current tax:</b>		
Hong Kong Profits Tax	—	92

The Company is not subject to taxes in profits, income or dividends in Bermuda.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the year ended 31 December 2018.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2018 (the “Bill”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 millions of assessable profits of qualifying corporations will be taxed at 8.25%, and assessable profits above HK\$2 millions will be taxed at 16.5%. The assessable profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. The two-tiered profits tax rates regime is applicable to the Group for the year ended 31 December 2019 and 2018.

Accordingly, starting from the current year, the Hong Kong Profits Tax is calculated at 8.25% on the first HK\$2 millions of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 millions.

Under the Law of the People’s Republic of China on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

## 9 DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE

On 30 December 2019, the Group entered into a sale and purchase agreement to disposal of its entire 51% equity interest in Shenzhen Shun Tian Yun Environmental Technology Limited to an independent third party at a consideration of RMB2,800,000 (equivalent to approximately HK\$3,119,000) and amount of RMB560,000 (equivalent to approximately HK\$624,000) in respect of the consideration had been received by the Group and was included in accruals, deposits received and other payables as at the year ended 31 December 2019. The disposal was not completed as at the date of result announcement.

The assets and liabilities attributable to the business, which are expected to be sold within twelve months, have been classified as a disposal group held for sale and are presented separately in the consolidated statement of financial position. The net proceeds of disposal are expected to exceed the net carrying amount of the relevant assets and liabilities and accordingly, no impairment loss has been recognised.

The loss for the year from the discontinued rental of air-conditioner machine business is set out below. The comparative figures in the unaudited consolidated statement of profit or loss and other comprehensive income have been restated to re-present the rental of air-conditioner machine operation as a discontinued operation:

The loss for the year from the discontinued operation is analysed as follows:

	<b>2019</b> <i>HK\$'000</i> <b>(Unaudited)</b>	2018 <i>HK\$'000</i> (Audited)
Revenue	<b>3,209</b>	3,379
Cost of sales	<b>(6,147)</b>	(8,415)
Gross loss	<b>(2,938)</b>	(5,036)
Other revenue	<b>337</b>	129
Other gains and losses	<b>27</b>	–
Net allowance of expected credit losses on trade and other receivables	<b>(1,946)</b>	(3,648)
Selling and distribution expense	<b>(2,044)</b>	(1,254)
Administrative expenses	<b>(2,615)</b>	(16,184)
Loss before operation	<b>(9,179)</b>	(25,993)
Finance cost	<b>(34)</b>	–
Loss before tax	<b>(9,213)</b>	(25,993)
Income tax expense	<b>–</b>	–
Loss for the year	<b>(9,213)</b>	(25,993)
Attributable to:		
– owners of the Company	<b>(4,699)</b>	(13,256)
– non-controlling interest	<b>(4,514)</b>	(12,737)
	<b>(9,213)</b>	(25,993)

The assets and liabilities associated with disposal group classified as held-for-sale are analysed as follows:

	<b>2019</b> <i>HK\$'000</i> <b>(Unaudited)</b>
Property, plant and equipment	<b>8,353</b>
Prepayment, deposit paid and other receivables	<b>5,264</b>
Cash and cash equivalents	<b>16</b>
Total assets classified as held-for-sale	<b>13,633</b>
Trade payables	<b>4,603</b>
Accruals, deposited received and other payables	<b>2,624</b>
Amount due to a director	<b>290</b>
Total liabilities associated with disposal group classified as held-for-sale	<b>7,517</b>

Cash flows for the year from the discontinued operation were as follows:

	<b>2019</b> <b>HK\$'000</b> <b>(Unaudited)</b>	2018 <i>HK\$'000</i> (Audited)
Net cash (outflows) from operating activities	<b>(1,557)</b>	(1,343)
Net cash inflows from investing activities	<b>1,815</b>	552
Net cash (outflows) from financing activities	<b>(460)</b>	–
	<hr/>	<hr/>
Net cash outflows	<b>(202)</b>	(791)
	<hr/> <hr/>	<hr/> <hr/>

Loss for the year from discontinued operation has been arrived at after charging/(crediting):

	<b>2019</b> <b>HK\$'000</b> <b>(Unaudited)</b>	2018 <i>HK\$'000</i> (Audited)
Staff costs, including directors' remuneration		
– Salaries, wage and other benefits	<b>1,727</b>	1,805
– Retirement benefit scheme contributions	<b>128</b>	155
	<hr/>	<hr/>
Total staff costs	<b>1,855</b>	1,960
	<hr/>	<hr/>
Depreciation of property, plant and equipment	<b>6,354</b>	8,415
Depreciation of right-of-use assets	<b>453</b>	–
Allowance for expected credit losses on financial assets at amortised cost	<b>1,924</b>	3,650
Reversal of allowance for expected credit losses on financial assets at amortised cost	–	(2)
Impairment loss on property, plant and equipment	–	4,002
Gain on disposal of property, plant and equipment	<b>(340)</b>	–
	<hr/> <hr/>	<hr/> <hr/>

## 10 LOSS PER SHARE

### From continuing and discontinued operations

	<b>2019</b> <b>(Unaudited)</b>	2018 (Audited) (restated)
Loss for the year attributable to the owners of the Company ( <i>HK\$'000</i> )	<b>(76,964)</b>	(139,188)
	<hr/> <hr/>	<hr/> <hr/>
Weighted average number of ordinary shares in issue ( <i>note</i> )	<b>1,036,379,025</b>	1,036,379,025
	<hr/> <hr/>	<hr/> <hr/>
Basic and diluted loss per share ( <i>HK cents</i> )	<b>(7.43)</b>	(13.43)
	<hr/> <hr/>	<hr/> <hr/>

**From continuing operations**

	<b>2019</b> <b>HK\$'000</b> <b>(Unaudited)</b>	2018 <i>HK\$'000</i> (Audited)
Loss for the year Attributable to the owners of the Company ( <i>HK\$'000</i> )	<u><u>(72,265)</u></u>	<u><u>(125,932)</u></u>
Weighted average number of ordinary shares in issue ( <i>note</i> )	<u><u>1,036,379,025</u></u>	<u><u>1,036,379,025</u></u>
Basic and diluted loss per share ( <i>HK cents</i> )	<u><u>(6.97)</u></u>	<u><u>(12.15)</u></u>

**From discontinuing operation**

	<b>2019</b> <b>HK\$'000</b> <b>(Unaudited)</b>	2018 <i>HK\$'000</i> (Audited)
Loss for the year Attributable to the owners of the Company ( <i>HK\$'000</i> )	<u><u>(4,699)</u></u>	<u><u>(13,256)</u></u>
Weighted average number of ordinary shares in issue ( <i>note</i> )	<u><u>1,036,379,025</u></u>	<u><u>1,036,379,025</u></u>
Basic and diluted loss per share ( <i>HK cents</i> )	<u><u>(0.45)</u></u>	<u><u>(1.28)</u></u>

*Note:*

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

The weighted average number of ordinary shares for the year ended 31 December 2019 are 1,036,379,025 ordinary shares (2018: 1,036,379,025 ordinary shares) in issue during the year.

The calculation of diluted loss per share for the years ended 31 December 2019 and 2018 does not include share options as the assumed exercise of these share options has an anti-dilutive effect. The basic and diluted loss per share are the same for both years.

**11 DIVIDEND**

The directors do not recommend the payment of any dividend in respect of the year ended 31 December 2019 (2018: Nil).

## 12 TRADE RECEIVABLES

	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Audited)
Trade receivables from securities trading business		
– Cash clients	1,356	1,838
– Clearing house	<u>1,268</u>	<u>1,313</u>
	2,624	3,151
Trade receivables from ordinary business other than securities trading business	<u>82,796</u>	<u>80,754</u>
	85,420	83,905
Less: Allowance for expected credit losses	<u>(100)</u>	<u>(561)</u>
	<u><u>85,320</u></u>	<u><u>83,344</u></u>

The directors 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.

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

For the year ended 31 December 2019, the Group allows a credit period with average of 180 days (2018: 30 to 180 days) to its trade customers of its trading business.

The ageing analysis of trade receivables from ordinary business other than securities trading business (net of provision for ECL) at the end of the reporting period based on the invoice date and net of allowance for expected credit losses:

	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Audited)
0 – 90 days	<u><u>82,696</u></u>	<u><u>80,214</u></u>

Allowance for expected credit losses of approximately HK\$65,000 (unaudited) have been recognised for trade receivables during the year ended 31 December 2019 (2018: approximately HK\$583,000 (audited)).

As at 31 December 2019 and 2018, no trade receivables was past due but not impaired. All trade receivables that are neither past due nor impaired have the best credit scoring attributable under the internal credit rating system used by the Group. Accordingly, these balances are still considered to be fully recoverable. The Group does not hold any collateral over these balances.

### 13 LOAN RECEIVABLES

	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Audited)
Loans receivable	10,000	10,000
Interest receivables	1,221	1,971
	<u>11,221</u>	<u>11,971</u>
Less: Allowance for expected credit losses	<u>(6,453)</u>	<u>(34)</u>
	<u><u>4,768</u></u>	<u><u>11,937</u></u>

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

	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Audited)
<i>Loans receivable:</i>		
Within 1 year	<u><u>4,768</u></u>	<u><u>11,937</u></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 31 December 2019 and 2018, a loan receivable with principal amount of approximately HK\$10,000,000 is secured by collaterals, interest bearing and is 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 15% (2018: 9% to 15%) per annum. Loans receivable include the interest receivables of approximately HK\$1,221,000 (unaudited) (2018: approximately HK\$1,971,000 (audited)) which receivable on the date of repayment. During the year ended 31 December 2019, interest income of approximately HK\$1,500,000 (unaudited) (2018: approximately HK\$3,136,000 (audited)) has been recognised in the consolidated statement of profit or loss and other comprehensive income.

Allowance for expected credit losses of approximately HK\$6,419,000 (unaudited) have been recognised for loans receivable during the year ended 31 December 2019 (2018: approximately HK\$34,000 (audited)).

## 14 TRADE PAYABLES

	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Audited)
Trade payables from securities trading business		
– Cash clients	2,614	3,456
– Clearing house	1,794	1,855
	<u>4,408</u>	<u>5,311</u>
Trade payables	–	5,066
	<u>4,408</u>	<u>10,377</u>

For securities trading business, the settlement terms of trade payables to Cash clients and Clearing house is 2 trading days after trade date. No ageing analysis for securities trading business is disclosed as, in the opinion of the directors, the ageing analysis does not give additional value in view of its business nature.

The Group was granted by its trade suppliers for credit periods ranging from 30 to 180 days. Based on the invoice dates, the ageing analysis of the trade payables from other than securities trading business were as follows:

	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Audited)
0 – 90 days	–	52
91 – 180 days	–	–
181 – 365 days	–	–
Over 365 days	–	5,014
	<u>–</u>	<u>5,066</u>

## 15 COMPARATIVES

Certain comparative figures have been reclassified to conform with the disclosure requirements in respect of the discontinued operation set out in Note 9 to the unaudited consolidated financial statements.



## **BUSINESS OVERVIEW**

### **Trading Business**

The Group's trading business is mainly engaged in trading of electronic products in the PRC. During the year ended 31 December 2019, the Group recorded approximately HK\$165,555,000 (unaudited) (31 December 2018: approximately HK\$163,951,000 (audited)) of revenue from the trading business, representing a slight increase of 1.0% compared with the last corresponding period.

Profit of this segment increased by 64.2% from approximately HK\$2,577,000 (audited) for the year ended 31 December 2018 to approximately HK\$4,231,000 (unaudited) for the year ended 31 December 2019 in line with the increase of sales volume. A prudent manner to access the cash conversion cycle will be continually adopted to minimise the increased credit risk posted by the uncertainties of trade war in between the U.S. and PRC.

### **Money Lending Business**

The Group recorded loans interest income of approximately HK\$1,500,000 (unaudited) from the money lending business for the year ended 31 December 2019, representing a decline of 52.2% compared to the last corresponding period of approximately HK\$3,136,000 (audited). The loan interest income decreased was due to the shrink of loan portfolio size.

As a result of the decrease in the loan interest income, the segment result of the money lending business dropped from profit of approximately HK\$2,409,000 (audited) for year ended 31 December 2018 to loss of approximately HK\$4,771,000 (unaudited) for the year ended 31 December 2019, attributing by the allowance for expected credit losses of the loan receivable amounting approximately HK\$6,419,000 (unaudited) during the year.

There was no default event happened in respect of the Group's loan portfolio during the year under review. However, the default risk is expected to increase due to the material uncertainties of the global economic environment affected by the novel coronavirus pneumonia ("COVID-19") outbreak and the recent social incidents in Hong Kong, which affect the value of the loan collateral. A prudent attitude to the money lending business will be adopted for better risk management. The management will closely monitor and keeps to evaluate the value of the loan collateral and further allowance for the expected credit losses of the loan receivable will be provided if necessary.

## **Securities Trading Business**

The revenue from securities trading business mainly comprised of the brokerage income. The Group recorded approximately HK\$1,814,000 (unaudited) of revenue from securities trading business for the year ended 31 December 2019, representing a decrease of 37.4% compared to the last corresponding period of approximately HK\$2,896,000 (audited) in line with the reduction in the total turnover. As a result of the adverse Hong Kong stock market performance, the total turnover decreased to approximately HK\$678 million for the year ended 31 December 2019 (31 December 2018: approximately HK\$1,111 million). The Hong Kong stock market is expected to continue to be dragged down by recent social incidents and the outbreak of COVID-19 in Hong Kong, which will continue to weaken the securities trading business in the coming year.

Loss of this segment increased by 27.6% from approximately HK\$6,642,000 (audited) for the year ended 31 December 2018 to approximately HK\$8,477,000 (unaudited) for the year ended 31 December 2019 in line with the decrease of brokerage income. The impairment loss of the goodwill for the year amounting approximately HK\$6,617,000.

## **Blockchain Technology Related Business**

The blockchain technology related business is mainly engaged in (i) mainstream cryptocurrencies trading, (ii) non-mainstream cryptocurrencies trading and (iii) enterprise solution for blockchain technology. During the year ended 31 December 2019, the Group recorded approximately HK\$215,000 (unaudited) (31 December 2018: approximately HK\$7,465,000 (audited)) of revenue from the business. The decrease was caused by the slowdown of the cryptocurrencies market.

The segment loss of approximately HK\$12,927,000 (unaudited) (31 December 2018: approximately HK\$22,027,000 (audited)) is caused by the investment in the research and development cost on the enterprise solution for blockchain technology and the decrease on trading volume in both mainstream and non-mainstream cryptocurrencies trading as a result of the decline of the crypto economy.

On 21 June 2019, the Group ceased the business related to the provision of non-mainstream cryptocurrencies trading platform. Details of cessation of the operation are set out in the Company's announcement dated on 21 June 2019. The Company is seeking potential transaction to dispose the business in order to minimise the loss of the segment.

## **PROSPECTS**

The global economy in early 2020 have been adversely affected by concerns over the COVID-19 outbreak. It may have an impact on consumer confidence in 2020. The worldwide stock index drops significantly in 2020 due to the drop of crude oil price and the market panic of the outbreak of the COVID-19. The crisis may have a material impact on our 2020 financial results and our development plan. The management foresees that there is full of challenging in 2020.

The Group will continue to review its existing business from time to time and is committed to improve the business operations and financial position of the Group, actively identify potential business and investment opportunities to expand its source of income.

## **FINANCIAL OVERVIEW**

### **Results**

#### ***Revenue***

For the year ended 31 December 2019, the Group recorded a revenue of approximately HK\$169,084,000 (unaudited) (2018: approximately HK\$177,448,000 (audited)), representing a decrease of 4.7% comparing with last fiscal year, as a result of the decrease in revenue from the segment of trading business.

#### ***Other Gains and Loss***

The other gains and loss was decreased from a net loss of approximately HK\$56,000 (audited) for the year ended 31 December 2018 to a net profit of approximately HK\$342,000 (unaudited) for the year ended 31 December 2019. The substantial increase was mainly attributed to the gain on disposal of the property, Plant and equipment amounting approximately HK\$418,000 during the year.

#### ***Selling and Distribution Expenses***

The selling and distribution expenses of the Group was approximately HK\$291,000 (unaudited) for the year ended 31 December 2019 (2018: approximately HK\$1,193,000 (audited)), representing a decrease of 75.6% comparing with the last fiscal year. The decrease was due to the dismissal of marketing manpower for the blockchain technology related business.

#### ***Administrative and Other Operating Expenses***

The administrative and other operating expenses for the year ended 31 December 2019 amounted to approximately HK\$50,054,000 (unaudited) (2018: approximately HK\$68,933,000 (audited)), representing a decrease of 27.4% comparing with last fiscal year. The decrease was mainly attributed to (i) the strict cost cutting measures in research and development in blockchain technology related business and (ii) the equity-settled share-based payments, which was not incurred in the current year.

### ***Finance Costs***

The Group recorded approximately HK\$113,000 (unaudited) (2018: Nil) of finance costs for the year ended 31 December 2019. The finance costs are the interest expenses of lease liabilities from the new adoption of HKFRS 16 effective from 1 January 2019.

### ***Cryptocurrencies***

As a result of downturn of cryptocurrencies market, the Group's Investment in cryptocurrencies (which is classified as "cryptocurrencies" in the consolidated statement of financial position) mainly comprised of approximately 2,000 units of ETH and approximately 111.92 units of XPA as at 31 December 2019 suffered from a price sink during the year, leading to an impairment loss of cryptocurrencies approximately HK\$23,279,000 (unaudited) (2018: approximately HK\$54,545,000 (audited)).

### ***Loss for the year***

The loss of the Group decreased from approximately HK\$154,617,000 (audited) for the year ended 31 December 2018 to approximately HK\$84,842,000 (unaudited) for the year ended 31 December 2019 as no equity-settled share-based payments and loss on disposal of subsidiaries were incurred and the strict cost cutting measures implemented on the administrative and operating costs in the current year.

### **Liquidity and Financial Resources**

As at 31 December 2019, the Group had total assets of approximately HK\$148,509,000 (unaudited) (2018: approximately HK\$225,265,000 (audited)), including net cash and cash equivalents of approximately HK\$19,045,000 (unaudited) (2018: approximately HK\$48,982,000 (audited)).

As at 31 December 2019, current ratio (defined as total current assets divided by total current liabilities) was 5.32 (2017: 8.26). As at 31 December 2019, the Group had approximately HK\$1,200,000 (unaudited) of amount due to related parties which has unsecured, interest-free and repayable on demand (2018: approximately HK\$296,000 (audited)).

During the year under review, the Group financed its operations with fund raising.

### **Capital Structure**

As at 31 December 2019, the Group had shareholders' capital of approximately HK\$41,455,000 (unaudited) (31 December 2018: approximately HK\$41,455,000 (audited)). The shareholders' capital of the Company is constituted of 1,036,379,025 shares (31 December 2018: 1,036,379,025 shares).

## **Treasury Policies**

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

As at 31 December 2019 and 2018, none of the assets of the Group has been pledged to secure any loan granted to the Group.

## **Foreign Exchange Exposure**

The Group's income and expenditure during the year ended 31 December 2019 were denominated in Hong Kong dollars ("**HKD**"), Renminbi ("**RMB**"), Taiwan dollars and US dollars, and most of the assets and liabilities as at 31 December 2019 were denominated either in HKD or RMB. The Group did not experience any material impact or difficulties in liquidity on its operations resulting from the fluctuation in exchange rates, and no hedging transaction or forward contract arrangement was made by the Group during the year under review.

## **MAJOR EVENTS DURING THE YEAR UNDER REVIEW**

### **Extension of loan repayment date**

On 6 September 2019, United Property Finance Limited (the "**Lender**"), an indirectly wholly owned subsidiary of the Company, entered into the Fourth Extension Agreement with Infinity Wealth International Limited (the "**Borrower**"), an independent third party, whereby, among other matters, (i) United Property Finance Limited agreed to extend the Third Extended Maturity Date to 8 September 2020, bearing same interest rate of 15% per annum and (ii) the parties agreed that the Borrower would pay the principal amount of the Loan and the interest accrued on the loan from the date of the Second Extended Maturity Date (i.e. 8 March 2019) to the date of the Fourth Maturity Date to the Lender on the Fourth Extended Maturity Date (i.e. 8 September 2020).

### **Termination of continuing connected transactions**

On 21 June 2019, Tide Global Exchange Technology Limited (a non-wholly owned subsidiary of the Company) entered into a termination agreement with Tide Digital Financial Holdings Limited to terminate the License Agreement for the provision of framework and source code of the cryptocurrency trading system.

## **Discontinued operation of rental of energy-saving air-conditioners**

On 30 December 2019, the Group disposed 51% of the paid up equity interest of the Target which is principally engaged in the rental of energy-saving air-conditioners business. The Directors noted that the rental of air-conditioners business segment, had been loss-making and was in a net deficit position. The Directors anticipated that the continued operation of such business might require the Group to make further financial contribution to the Target. As such, the Directors do not intend to continue to operate such business segment and would like to dispose of its entire interest in the Target.

## **PRINCIPAL RISKS**

The Group's financial position, business prospect may be affected by a number of risks including operation risks, market risk, financial risk and compliance risk. The Group's trading business and money lending business are subject to credit risks and foreign currency risk, respectively. The blockchain technology related business and the related operation risks, compliance risks and financial risks.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 December 2019, the Group had 46 (2018: 192) full-time employees in Hong Kong, the PRC and Taiwan. Total staff costs (including directors' remuneration but excluding sharebased compensation) were approximately HK\$27,269,000 for the year ended 31 December 2019 (2018: approximately HK\$34,337,000). Remuneration is determined with reference to market terms, employment conditions, responsibilities and the performance, qualification and experience of individual employee. Other benefits include Corporate Liabilities Insurance for the Directors and Officers, contributions to the statutory mandatory provident fund scheme for its employees in Hong Kong and social insurance for its employees in the PRC, and are paid at appropriate levels.

## **UPDATE ON THE LISTING STATUS**

On 28 June 2019, the GEM Listing Committee of the Stock Exchange (the "**GEM Listing Committee**") conducted a review hearing, upon the application of the Company, to review the decision of the Listing Department set out in the letter. Please refer to the Company's announcement dated 22 March 2019 for details of the Decision.

On 8 July 2019, the Company received a letter from the GEM Listing Committee setting out its ruling (the "**Committee Ruling**") to uphold the Decision to suspend trading in the Company's shares under Rule 9.04 of the GEM Listing Rules and proceed with cancellation of the Company's listing under Rule 9.14 of the GEM Listing Rules. Under Rule 4.06(2) of the GEM Listing Rules, the Company has the right to have the Committee ruling referred to the GEM Listing (Review) Committee for a review. The Company has submitted a written request to the GEM Listing (Review) Committee on 15 July 2019 for a review of the Committee Ruling. On 18 July 2019, the Company received a letter from the Review Hearing of the GEM Listing (Review) Committee (the "**Review Hearing**"). The Review Hearing was conducted on 8 October 2019.

As disclosed in the Company's announcement dated 28 October 2019, on 24 October 2019, the Company received a letter from the GEM Listing (Review) Committee that they had decided to uphold the Committee Ruling to suspend trading in the Company's shares under Rule 9.04 of the GEM Listing Rules and proceed with cancellation of the Company's Listing under Rule 9.14 of the GEM Listing Rules.

On 24 March 2020, the Company received a letter from the Stock Exchange (the "**Additional Resumption Guidance**"), in which the Stock Exchange sets out the Additional Resumption Guidance for the Company that the Company requires to publish all outstanding financial results and address any audit modifications. The Stock Exchange has further indicated that it may modify the resumption conditions/ guidance that have been given and/or give further guidance if the Company's situation changes.

## **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 31 December 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 and utilisation of the net proceeds as at 31 December 2019:

	<b>Intended use of net proceeds</b> <i>HK\$ million</i>	<b>Utilisation up to 31 December 2019</b> <i>HK\$ million</i>	<b>Amount to be utilised for the year ending 31 December 2019</b> <i>HK\$ million</i>
Repayment of short-term loan	21.00	(21.00)	–
Expansion of securities trading business	8.00	(8.00)	–
General working capital	8.75	(8.75)	–
	<hr/>	<hr/>	<hr/>
Total	<u>37.75</u>	<u>(37.75)</u>	<u>–</u>

**(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 18 January 2018, the Board 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 as a view to enhancing the value of the Group as a whole.

And as disclosed in the Company's announcement dated 13 August 2019, the Board resolved to re-allocate approximately HK\$8.88 million of the unutilised net proceeds from investment business sector to general working capital after careful consideration of the global economic environment and detailed evaluation of the Group's operation.



The below table sets out the intended use of net proceeds, reallocation adjustments and utilisation up to 31 December 2019:

	<b>Intended use of net proceeds</b>	<b>Reallocations</b>	<b>Utilisation after reallocations and up to 31 December 2019</b>	<b>Amount to be utilised for the year ending 31 December 2019</b>
	<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	(15.00)	(10.00)	–
Operations of carbon emission trading platform	3.00	–	(3.00)	–
Investment business sector	–	41.12	(41.12)	–
General working capital	21.69	8.88	(30.57)	–
	<u>21.69</u>	<u>8.88</u>	<u>(30.57)</u>	<u>–</u>
Total	<u>99.69</u>	<u>–</u>	<u>(99.69)</u>	<u>–</u>

## **DIVIDENDS**

The Board does not recommend the payment of dividend for the year ended 31 December 2019 (2018: Nil).

## **EVENTS AFTER THE REPORTING PERIOD**

China Glory International Holdings Limited, an indirect wholly-owned subsidiary of the Company has disposed of an aggregate of 13.458 units of BTC and 1,446 units of Ethereum on the open market for an aggregate consideration of approximately HK\$3,495,000 (before deducting related expenses) at an average price of approximately HK\$69,500 per BTC and approximately HK\$1,770 per Ethereum on 5 March 2020.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares during the year.

## **CORPORATE GOVERNANCE**

The Company is committed to maintaining a stringent corporate governance practices and procedures with a view to enhancing investor confidence and the Company's accountability and transparency. For the year ended 31 December 2019, the Board is of the view that the Company has complied with the code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 15 to the GEM Listing Rules and there has been no deviation from the code provisions set out in the CG Code for the year ended 31 December 2019.

## **AUDIT COMMITTEE**

The Company established an audit committee (the "**Audit Committee**") with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. As at the date of this announcement, the Audit Committee has three members comprising Mr. Leung Wah, Ms. Wong Mei Ling and Mr. Qin Hui, the three independent non-executive Directors.

## **ANNUAL GENERAL MEETING**

The Annual General Meeting will be held on Tuesday, 26 May 2020. A notice convening the Annual General Meeting will be published and despatched to the shareholders of the Company in the manner required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") in due course.

## **CLOSURE OF REGISTER OF MEMBERS**

For determining the entitlement to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from 25 May 2020 (Monday) to 26 May 2020 (Tuesday), both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the Annual General Meeting, all transfers of shares documents, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrars in Hong Kong, Computershare Hong Kong Investor Services Limited, located at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on 23 April 2020 (Thursday).

## **REVIEW OF UNAUDITED ANNUAL RESULTS**

The auditing process for the annual results for the year ended 31 December 2019 has not been completed due to the COVID-19 coronavirus outbreak. The unaudited annual results contained herein have not been agreed with the Company's auditors as required under Rule 18.49 of the Rules Governing the Listing of Securities on GEM (the "**GEM Listing Rules**") of The Stock Exchange of Hong Kong Limited. An announcement relating to the audited results will be made when the auditing process has been completed in accordance with Hong Kong Standards on Auditing issued by Hong Kong Institute of Certified Public Accountants.

The unaudited annual results contained herein have been reviewed by the audit committee of the Company.

### **FURTHER ANNOUNCEMENT(S)**

Following the completion of the auditing process, the Company will issue further announcement(s) in relation to the audited results for the year ended 31 December 2019 as agreed by the Company's auditors and the material differences (if any) as compared with the unaudited annual results contained herein. In addition, the Company will issue further announcement as and when necessary if there are other material development in the completion of the auditing process.

### **PUBLICATION OF ANNUAL REPORT**

This unaudited annual results announcement is published on the websites of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company at [www.8192.com.hk](http://www.8192.com.hk). The annual report of the Company for the year ended 31 December 2019 containing all the information required by the Listing Rules is to be despatched to the Company's Shareholders and made available for review on the same websites in due course.

**The financial information contained herein in respect of the annual results of the Group have not been audited and have not been agreed with the auditors. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

### **CONTINUED SUSPENSION OF TRADING**

Trading in the shares of the Company has been suspended with effect from 9:00 a.m. on 25 October 2019 in accordance with Rule 9.04 of the GEM Listing Rules and will remain suspended until further notice.

**Shareholders who have queries about the implication of the delisting of the shares of the Company are advised to seek appropriate professional advice.**

By order of the Board  
**Global Token Limited**  
**Ma Jian Ying**

*Co-Chief Executive Officer and Executive Director*

Hong Kong, 31 March 2020

*As at the date of this announcement, the executive Directors are Ms. Ma Jian Ying, Mr. Tsang Chun Kit Terence and Mr. Wang An Zhong; the non-executive Director is Mr. Shi Guang Rong; and the independent nonexecutive Directors are Mr. Leung Wah, Ms. Wong Mei Ling and Mr. Qin Hui.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited 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 in this announcement misleading.*

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