ANNUAL REPORT 2019

GLOBAL TOKEN LIMITED

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

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 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 on GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company and its subsidiaries (collectively, the "Group"). The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

Contents

Group Financial Summary

	Year ended 31 December				
	2019 **HK$'000**	2018 HK$'000	2017 HK$'000	2016 HK$'000	2015 HK$'000
RESULTS					
Continuing operations					
Revenue	**169,084**	177,448	193,460	276,371	247,709
Loss before taxation	**(75,824)**	(134,015)	(57,634)	(71,798)	(105,008)
Taxation	**–**	(92)	–	–	–
Loss for the year from continuing operations	**(75,824)**	(134,107)	(57,634)	(71,798)	(105,508)
Loss for the year from discontinued operation	**(10,957)**	(20,510)	–	(13,762)	(8,571)
Loss for the year	**(86,781)**	(154,617)	(57,634)	(85,560)	(113,579)
Loss for the year attributable to:					
Owners of the Company	**(78,162)**	(139,188)	(51,192)	(75,054)	(105,974)
Non-controlling interests	**(8,619)**	(15,429)	(6,442)	(10,506)	(7,605)
	(86,781)	(154,617)	(57,634)	(85,560)	(113,579)

	As at 31 December				
	2019 **HK$'000**	2018 HK$'000	2017 HK$'000	2016 HK$'000	2015 HK$'000
ASSETS AND LIABILITIES					
Total assets	**148,044**	225,265	380,041	305,124	355,630
Total liabilities	**(31,006)**	(19,606)	(22,483)	(41,437)	(13,693)
Net assets	**117,038**	205,659	357,558	263,687	341,937

Corporate Information

EXECUTIVE DIRECTORS
Mr. Guo Yong *(Chairman) (appointed on 7 April 2020)*
Mr. Chen Ping *(Chairman) (resigned on 16 March 2020)*
Ms. Ma Jian Ying *(CO-Chief Executive Officer) (resigned on 23 April 2020)*
Ms. Xie Bin *(CO-Chief Executive Officer) (appointed on 18 April 2019 and resigned on 16 March 2020)*
Mr. Tsang Chun Kit Terence
Mr. Wang An Zhong
Mr. Xu Wenbin *(appointed on 2 April 2020)*

NON-EXECUTIVE DIRECTOR
Mr. Shi Guang Rong

INDEPENDENT NON-EXECUTIVE DIRECTORS
Mr. Leung Wah
Ms. Wong Mei Ling
Mr. Qin Hui *(appointed on 29 March 2019 and resigned on 23 April 2020)*
Mr. Hu Xiaoming *(appointed on 8 May 2020)*

COMPANY SECRETARY
Mr. Lee Kin Chung Jacky *(resigned on 14 June 2019)*
Ms. Tse Man Shan *(appointed on 14 June 2019 and resigned on 19 November 2019)*
Mr. Yu Lap Pan *(appointed on 19 November 2019)*

AUDIT COMMITTEE
Mr. Leung Wah *(Chairman)*
Ms. Wong Mei Ling
Mr. Qin Hui *(appointed on 29 March 2019 resigned on 23 April 2020)*
Mr. Hu Xiaoming *(appointed on 8 May 2020)*

NOMINATION COMMITTEE
Mr. Leung Wah *(Chairman)*
Ms. Ma Jian Ying *(resigned on 23 April 2020)*
Mr. Qin Hui *(appointed on 29 March 2019 resigned on 23 April 2020)*
Mr. Guo Yong *(appointed on 23 April 2020)*
Mr. Hu Xiaoming *(appointed on 8 May 2020)*

REMUNERATION COMMITTEE
Mr. Leung Wah *(Chairman)*
Ms. Ma Jian Ying *(resigned on 23 April 2020)*
Mr. Qin Hui *(appointed on 29 March 2019 resigned on 23 April 2020)*
Mr. Guo Yong *(appointed on 23 April 2020)*
Mr. Hu Xiaoming *(appointed on 8 May 2020)*

CORPORATE GOVERNANCE COMMITTEE
Mr. Leung Wah *(Chairman)*
Ms. Ma Jian Ying *(resigned on 23 April 2020)*
Mr. Qin Hui *(appointed on 29 March 2019 resigned on 23 April 2020)*
Mr. Guo Yong *(appointed on 23 April 2020)*
Mr. Hu Xiaoming *(appointed on 8 May 2020)*

COMPLIANCE OFFICER
Ms. Ma Jian Ying *(resigned on 23 April 2020)*
Mr. Guo Yong *(appointed on 23 April 2020)*

AUTHORISED REPRESENTATIVES
Ms. Ma Jian Ying *(resigned on 14 June 2019)*
Mr. Tsang Chun Kit Terence *(appointed on 14 June 2019)*
Mr. Lee Kin Chung Jacky *(resigned on 14 June 2019)*
Ms. Tse Man Shan *(appointed on 14 June 2019 and resigned on 19 November 2019)*
Mr. Yu Lap Pan *(appointed on 19 November 2019)*

AUDITORS
HLB Hodgson Impey Cheng Limited
Certified Public Accountants
31/F., Gloucester Tower,
The Landmark, 11 Pedder Street,
Central, Hong Kong

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REGISTERED OFFICE
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Hamilton HM 11,
Bermuda

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE
MUFG Fund Services (Bermuda) Limited
The Belvedere Building,
69 Pitts Bay Road,
Pembroke HM08,
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE
Tricor Tengis Limited
Level 54, Hopewell Centre,
183 Queen's Road East,
Hong Kong

PRINCIPAL BANKER
OCBC Wing Hang Bank Limited

COMPANY HOMEPAGE
www.8192.com.hk

GEM STOCK CODE
8192

Chairman's Statement

Dear shareholders,

On behalf of the board of directors (the "Board" or the "Directors") of Global Token Limited (the "Company"), I herein present the results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2019.

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 (31 December 2018: approximately HK$163,951,000) of revenue from the trading business, representing a slight increase of 1.0% compared to the last corresponding period.

Profit of this segment increased by 66.6% from approximately HK$2,577,000 for the year ended 31 December 2018 to approximately HK$4,293,000 for the year ended 31 December 2019 in line with the increase in trading volume. A prudent manner will be continually adapted to manage the credit risk posed by the economic uncertainties raised from the novel coronavirus pneumonia ("COVID-19") outbreak.

To maintain the sustainability of the Group, the trading business coverage is expanded to include the trading of cryptocurrencies mining hardware for Bitcoin, through the acquisition of 85.7% equity interest of High Sharp Electronic Limited ("High Sharp") and 90.0% equity interest of Shanghai High Sharp Tech Limited ("Shanghai High Sharp") in the first season of 2020. High Sharp is principally engaged in the provision of general trading. Shanghai High Sharp is principally engaged in the research and development of ASIC-based chips which are critical components of the cryptocurrencies mining hardware products. Details of the acquisition are set out in the Company's announcement dated 24 April 2020.

Money Lending Business

The Group recorded loans interest income of approximately HK$1,500,000 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. The decrease of loan interest income was caused by the shrink of loan portfolio size.

The segment profit of the money lending business significantly decreased from a profit of approximately HK$2,409,000 for the year ended 31 December 2018 to a loss of approximately HK$6,026,000 for the year ended 31 December 2019 attributing to the increase on the allowance for expected credit losses on the loan receivable amounting approximately HK$6,419,000 (31 December 2018: net reversal of allowance for expected credit losses of approximately HK$495,000) 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 recent outbreak of COVID-19, which may have an adverse effect on the value of the loan collateral. A prudent attitude to better the default risk management of the money lending business will be adopted by closely monitoring and evaluating the value of the loan collateral.

Securities Trading Business

The revenue from securities trading business mainly comprised of the brokerage and commission income. The Group recorded approximately HK$1,814,000 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 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 the outbreak of COVID-19, which will continue to weaken the securities trading business in the coming year.

Loss of this segment increased by 98.2% from approximately HK$4,277,000 for the year ended 31 December 2018 to approximately HK$8,477,000 for the year ended 31 December 2019 as a result of the underperformance of the business leading to an increase in the impairment loss of the goodwill amounting approximately HK$6,617,000 (31 December 2018: approximately HK$2,365,000).

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 (31 December 2018: approximately HK$7,465,000) of revenue from the business. The significant decrease was caused by the slowdown of the cryptocurrencies market.

The segment loss of approximately HK$18,967,000 (31 December 2018: approximately HK$22,027,000) is caused by the substantial investment in the research and development cost of 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 21 June 2019. Further to the cessation of the operation, the Group disposed of this business to an independent third party at a consideration of HK$1,400,000 on 1 April 2020. The disposal was completed on the same date. Details of the disposal are set out in the Company's announcement dated 24 April 2020.

Given the underperformance of the business, the Directors are of the opinion that it's cost-intensive to continue the operation. A further substantial capital contribution might be required in the development cost of the blockchain technology as the industry is still in its initial stage. On 15 May 2020, the board of Directors approved to discontinue the entire operation of blockchain technology related business.

Discontinued Operation

On 30 December 2019, the Group entered into a sale and purchase agreement to dispose of the entire segment of the rental of energy-saving air-conditioners to an independent third party of a consideration of RMB2,800,000 (equivalent to approximately HK$3,119,000). The Directors are of the opinion that this segment has been loss-making and further financial contribution might be required to anticipate the operation. Details of the disposal are set out in the Company's announcement dated 30 December 2019. The disposal was completed on 23 April 2020.

During the year under review, the Group recorded approximately HK$1,606,000 of revenue from the business representing a decrease of 52.5% compared to the last corresponding period of approximately HK$3,379,000. The fall in air-conditioner usage hours was caused by the economic slowdown of the mainland China, which led to the closedown of many of the Group's major customers, small and medium-sized enterprises. Segment loss decreased by 46.6% from approximately HK$20,510,000 for the year ended 31 December 2018 to approximately HK$10,957,000 for the year ended 31 December 2019. The decrease was attributed to the implementation of the cost-cutting on staff costs and other operating expenses.

PROSPECTS

The global economy in early 2020 has been adversely affected by concerns over the COVID-19 outbreak, which may bring an impact on consumer confidence. The worldwide stock index drops significantly in 2020 due to the drop in crude oil prices and the market panic of the outbreak of the COVID-19. The crisis may have a material influence on our financial results and development plan for the coming year. The management foresees that there are full of challenges in 2020.

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

The Company has appointed an international consultancy firm as the Company's financial advisor to assist the Company in formulating a resumption proposal in order to demonstrate that the Company maintains a sufficient level of operations or assets as required under Rule 17.26 of the GEM Listing Rule. The Company will make further announcements in due course to inform the shareholders and the public of the Company of the latest status of the Company's resumption of trading.

On behalf of Board, I would like to express my heartful gratitude to our shareholders, customers and business partners for their continuing support. My heartfelt thanks go to all the directors, management team and staff for their efforts and contributions in attaining such remarkable performance in the past year. Going forward, I will grasp all the business opportunities to maximise the optimal returns for investors, enhance profit contribution in the year ahead.

Guo Yong
Chairman and Executive Director

Management Discussion and Analysis

We principally engaged in (i) trading business, (ii) money lending business, (iii) securities trading business and (iv) blockchain technology related business.

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

FINANCIAL OVERVIEW

Results

Revenue

For the year ended 31 December 2019, the Group recorded a revenue of approximately HK$169,084,000 (2018: approximately HK$177,448,000), representing a decrease of 4.7% compared with last fiscal year. The decrease was mainly attributed to the unfavourable economic environment in Hong Kong as a result of the social incident in the second half of the year 2019, leading to a downtrend on the revenue from money lending business and securities trading business. In addition to the economic uncertainties, the Group is also suffered from the decline of crypto-economy causing a significant decrease in the revenue from blockchain technology related business.

Other Gains and Losses

The other gains and losses was increased by 12.5% from a net loss of approximately HK$56,000 for the year ended 31 December 2018 to a net loss of approximately HK$63,000 for the year ended 31 December 2019. The increase was mainly attributed to the gain on lease termination.

Selling and Distribution Expenses

The selling and distribution expenses of the Group was approximately HK$291,000 for the year ended 31 December 2019 (2018: approximately HK$1,193,000), presenting a decrease of 75.6% compared to the last fiscal year. The decrease has caused by the reduced headcounts of marketing talents of 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$49,612,000 (2018: approximately HK$77,720,000), representing a decrease of 36.2% compared to the last fiscal year. The decrease was mainly attributed to (i) the strict cost-cutting measures in research and development of blockchain technology related business and (ii) the equity-settled share-based payments, which was not incurred in the current year.

Finance Costs

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

Cryptocurrencies

As a result of the 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 million units of XPA as at 31 December 2019 suffered from a price sink in the period, leading to an impairment loss of cryptocurrencies approximately HK$23,480,000 (31 December 2018: approximately HK$54,545,000).

Loss for the Year

The loss for the year decreased by 43.9% from approximately HK$154,617,000 for the year ended 31 December 2018 to approximately HK$86,781,000 for the year ended 31 December 2019. The improvement was mainly attributed to (i) the cost-cutting measures in the operation related to blockchain technology related business leading to a substantial decrease on administrative and other operating expenses, and selling and distribution expenses; (ii) lower of impairment loss on cryptocurrencies; (iii) no loss arising from the disposal of subsidiaries during the current year; and (iv) no equity-settled share-based payment was incurred during the year.

Liquidity and Financial Resources

As at 31 December 2019, the Group had total assets of approximately HK$148,044,000 (2018: approximately HK$225,265,000), including net cash and cash equivalents of approximately HK$19,045,000 (2018: approximately HK$48,982,000).

As at 31 December 2019, current ratio (defined as total current assets divided by total current liabilities) was 5.00 (2018: 8.26). As at 31 December 2019, the Group had approximately HK$1,200,000 of amount due to a related party which were unsecured, interest-free and repayable on demand (2018: approximately HK$296,000).

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

Capital Structure

As at 31 December 2019, the Group had shareholder's capital of approximately HK$41,455,000 (31 December 2018: approximately HK$41,455,000). The shareholder's 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 difficutlies 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.

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. Trading in the shares of the Company has been suspended with effect from 9:00 a.m. on 25 October 2019.

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 2019 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 20.0% 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 31 December 2019:

	Intended use of net proceeds HK$ million	**Utilisation** HK$ million	**Remaining balance as at 31 December 2019** HK$ million
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)	–
Total	**37.75**	**(37.75)**	**–**

(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 right shares, representing approximately 50.0% of the then issued shares capital of the Company. The net proceeds raised from the rights issues received by the Company was approximately HK$99,690,000.

As disclosed in the Company's announcement dated on 18 January 2018, the Board has resolved to re-allocate approximately HK$50.00 million of the unreleased 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.

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 go general working capital after careful consideration of the global economic environment and detailed evaluation of the Group's operation.

The below table sets out intended use of net proceeds, utilisation and the remaining balance of the net proceeds as at 31 December 2019:

	Intended use of net proceeds HK$ million	**Reallocations** HK$ million	**Utilisation after reallocations up to 31 December 2019** HK$ million	**Remaining balance as at 31 December 2019** HK$ million
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)	–
Total	**99.69**	**–**	**(99.69)**	**–**

Management Discussion and Analysis

MAJOR EVENTS DURING THE YEAR UNDER REVIEW

Termination of Continuing Connected Transactions

On 21 June 2019, Tide Global Exchange Technology Limited (an indirectly 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 cryptocurrencies trading platform. Details of the termination are set out in the Company's announcement dated 21 June 2019.

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) the Lender 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).

Disposal of Rental of Energy-Saving Air-conditioners Business

On 30 December 2019, the Group disposed 51% of the paid up equity interest in Shenzhen Shun Tian Yun Environmental Technology Limited, which is principally engaged in the rental of energy-saving air-conditioners business, to an independent third party at a consideration of RMB2,800,000 (equivalent to approximately HK$3,119,000). 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. As such, the Directors do not intend to continue to operate such business segment and would like to dispose of the entire business. Details of the disposal are set out in the Company's announcement dated 30 December 2019. The disposal was completed on 23 April 2020.

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. The Group's blockchain technology related business and its related operation risks, compliance risks and financial risks are set out as following:

Early stage of blockchain technology development and may not obtain wide market acceptance in the future

Blockchain is an open-source peer to decentralised 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 utilised. If blockchain technology cannot gain a 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.

Intense industry competition

It's a highly competitive industry for cryptocurrencies trading platforms. The competitors include many well-known domestic and international players with advantage over us in terms of financial and other resources. The competition in cryptocurrencies trading platforms industry will continue to be intense as the Group not only competes with existing players that have been currently focusing on cryptocurrencies trading platforms, but also new entrants. Some of these competitors may more responsive to the 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 the Group fail to compete effectively and efficiently or fail to adopt to changes in this environment, the cryptocurrencies trading platform business of the Group, financial condition and results of the operations may be materially and adversely affected.

Difficulties in recruiting and retaining key personnel

The future growth and success of the blockchain technology related business depend to a signficiant extent on the continuing service and contribution of the engineers and senior management personel. Much of the Group's future success on this business depends on the continuing available service of key personnel, including the Group's 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.

Economic, political, regulatory and other risks arising from the blockchain technology related business

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, the operation risks that could adversely affect the business, including:

- The need to adopt 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 maangin foreign operations;
- Management distraction;
- Difficulties in understnaing and complying with local laws, regulations and customs in foreign jurisdictions;
- 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 derivativs to hedge against and which could impact asset value;
- New and different sourcesof competition; and
- Different and more stringent user protection, data protection, privacy and other laws, including data localization requirements.

The failure to management any of these risks successfully could harm the overall business, and results of the operations.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2019, the Group had 47 (2018: 192) full-time employees in Hong Kong and the PRC. Total staff costs (including directors's remuneration but excluding share-based compensation) were approximately HK$29,607,000 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.

MANAGEMENT'S RESPONSE TO THE INDEPENDENT AUDITOR'S REPORT AND REMEDIAL MEASURES TAKEN

The consolidated financial statements of the Group for the year ended 31 December 2018 (the "2018 Financial Statements") had been subject to qualified opinion of the independent auditor of the Company on the basis as set out in the paragraph headed "Basis for qualified opinion" in the independent auditor's report in the annual report for the year ended 31 December 2018 (the "2018 Qualified Opinion"). Further to the management position and proposed plans to address the modification to be taken by the management as set out in the supplemental announcement to the annual results announcement and annual report of the company for the year ended 31 December 2018 dated 31 May 2019 ("the 2019 Announcement"), the management of the Company wishes to update on certain remedial measures taken during the year.

Reference is made to the announcement of the Company dated 21 June 2019, as disclosed in the 2019 Announcement, having considered the non-mainstream cryptocurrencies trading platform (*TiDeal*) has resulted in the 2018 Qualified Opinion, the Directors (including the independent non-executive Directors) decide to terminate the operation of *TiDeal* with a view to address the 2018 Qualified Opinion and further remove any related qualified opinion in the annual results of the Group.

On 1 April 2020, the Group disposed of the non-mainstream cryptocurrencies trading business to an independent third party at a consideration of HK$1,400,000. The disposal was completed on the same date. Details of the disposal are set out in the Company's announcement dated 24 April 2020.

Given the unsatisfactory financial performance of blockchain technology related business, the Directors are of the opinion that it's cost-intensive to continue the operation. The business has contributed to a substantial segment loss since its commencement and no revenue was able to generate from the business since the second quarter of 2019. Further capital contribution might be required in the development cost of the blockchain technology as the industry is still in its initial stage. On 15 May 2020, the board of Directors of the Company approved to discontinue the entire blockchain technology related business including the existing sub-segments of mainstream cryptocurrencies trading and enterprise solution for blockchain technology.

Biographies of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Guo Yong *(Chairman)*

(Appointed on 7 April 2020)

Aged 52, is the chairman and executive Director of the Board. He is also a member of each of the remuneration committee, nomination committee and corporate governance committee of the Board and compliance officer of the Company. He was graduated from Wuhan University of Technology with a bachelor's degree in water supply and drainage engineering. Mr. Guo has over 30 years of experience in securities trading and assets management. Mr. Guo was the founder of Shanghai Lianshi Equity Investment Fund Management Company Limited.

Mr. Tsang Chun Kit Terence

(Appointed on 18 October 2017)

Aged 31, is the executive Director of the Board. He is also an authorised representative of the Company and a director of a number of subsidiaries of the Group. Mr. Tsang received his Master degree of Science in Finance from Johns Hopkins University, USA and Master degree of Laws in Corporate and Financial Law from the University of Hong Kong. He is currently the Chief Operating Officer of Sun Television Cybernetworks Enterprise Limited ("Sun Television") which owns Sun TV, where he is involved in the determination of the company's business strategy and overall management.

Mr. Wang An Zhong

(Appointed on 2 September 2016)

Aged 63, is the executive Director of the Board. Mr. Wang graduated with a master's degree in engineering from the Department of Computer Science of Beijing University of Technology. He was an associate professor and has extensive experience in lecturing and scientific research. He has managed and was involved in a number of the State's research projects and won several awards. From January 2000 to June 2016, he was the executive director of Yuxing InfoTech Investment Holdings Limited (stock code: 8005), a company listed on the GEM of The Stock Exchange of Hong Kong Limited.

Mr. Xu Wenbin

(Appointed on 2 April 2020)

Aged 32, is the executive Director of the Board. He was graduated from the Communication University of China, Nanjing with a degree in journalism in June 2010. Mr. Xu has over 9 years of experience in sales and promotion, project management, marketing and research, corporate management and supply chain management.

NON-EXECUTIVE DIRECTOR

Mr. Shi Guang Rong

(Appointed on 10 March 2017)

Aged 59, is the non-executive Director of the Board. Mr. Shi graduated with a bachelor's degree in engineering from the Department of Automatic Control of the Beijing University of Technology. He has extensive experience in marketing and investment management for many years. He is currently the executive director of Yuxing InfoTech Investment Holdings Limited (stock code: 8005), a company listed on the GEM of the Stock Exchange.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Leung Wah

(Appointed on 12 January 2010)

Aged 55, is the independent non-executive Director of the Board. He is also the chairman of each of the audit committee, remuneration committee, nomination committee and corporate governance committee of the Board. He is a member of Hong Kong Institute of Certified Public Accountants, a fellow member of Institute of Chartered Accountants in England and Wales and a fellow member of Association of Chartered Certified Accountants. He graduated from the University of Hong Kong with a Bachelor of Science degree. Mr. Leung has extensive experience in finance and accounting including working experience in international accounting firms, including Ernst & Young and Deloitte Touche Tohmatsu. Mr. Leung acted as an independent non-executive director of Seamless Green China (Holdings) Limited on 6 May 2013 and retired as an executive director on 28 May 2014, the share of which is listed on the GEM of the Stock Exchange. Mr. Leung was an independent non-executive director of TC Orient Lighting Holdings Limited from 1 September 2014 to 5 June 2015, the share of which is listed on the Main Board of the Stock Exchange.

Ms. Wong Mei Ling

(Appointed on 13 December 2016)

Aged 58, is the independent non-executive Director of the Board. She is also the member of the audit committee of the Board. Ms. Wong obtained a master degree of Finance of the Curtin University. Ms. Wong is a member of Hong Kong Institute of Certified Public Accountants. Ms. Wong has over 20 years of experience in accounting field. From July 2011 to January 2016, Ms. Wong was the chief financial officer of Sun Television Cybernetworks Enterprise Limited.

Mr. Hu Xiaoming

(Appointed on 8 May 2020)

Aged 54, is the independent non-executive Director of the Board. He is also the member of each of the audit committee, remuneration committee, nomination committee and corporate governance committee of the Board. He has more than 30 years of experience in business management. Mr. Hu as the Hubei Provincial Committee of the Communist Youth League. Mr. Hu served as the director of Beijing Xidan Department Store Company Limited (stock code: SHA: 600723) listed on the Shanghai Stock Exchange. Mr. Hu is currently a director of Sichuan Tianyi Network Service Company Limited and a director of Cast (Hubei) Cultural Industry Fund Management Company Limited. Mr. Hu graduated from Wuhan University with a Bachelor degree of Arts.

SENIOR MANAGEMENT

Mr. Yu Lap Pan

Aged 38, is the company secretary, financial controller and an authorised representative of the Company. Mr. Yu obtained a bachelor's degree with honors in applied accounting from Oxford Brookes University in 2006. He is a fellow member of the Association of Chartered Certified Accountants and member of Hong Kong Institute of Certified Public Accountants. Mr. Yu has over 15 years of experience in the related fields of finance, auditing, accounting and corporate governance practices.

* *The English transliteration of the Chinese name(s), where indicated, is included for information only, and should not be regarded as the official English name(s) of such Chinese name(s).*

Corporate Governance Report

The Board is pleased to present the Corporate Governance Report of the Company for the year ended 31 December 2019.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving and maintaining the highest standards of corporate governance consistent with the needs and requirements of the business and its shareholders, and consistent with the code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") contained in Appendix 15 to the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited ("GEM Listing Rules"). The Group has considered the CG Code and has put in place corporate governance practices to meet the code provisions.

Save as disclosed below, in the opinion of the Directors, the Company has complied with all the code provisions as set out in the CG Code throughout the year ended 31 December 2019.

Ms. Sun Ching has resigned as an independent non-executive Director with effect from 1 January 2019 due to her other business commitment and engagement. Following her resignation as an independent non-executive Director, she also ceased as a member of the Audit Committee, the remuneration committee of the Company (the "Remuneration Committee"), the nomination committee of the Company (the "Nomination Committee") and the corporate governance committee of the Company (the "Corporate Governance Committee") with effect from 1 January 2019 and upon the resignation of Ms. Sun, the Company only had two independent non-executive Directors and two members of the Audit Committee which fell below the minimum number required under rule 5.05(1) and rule 5.28 of the GEM Listing Rules. In addition, the Remuneration Committee and Nomination Committee did not comprise a majority of independent non-executive Directors which failed to meet the requirement under rule 5.34 of the GEM Listing Rules and code provision A.5.1 of the CG Code respectively. Subsequently, on 29 March 2019, Mr. Qin Hui was appointed as an independent non-executive Director and a member of the Audit Committee, a member of the Remuneration Committee, a member of the Nomination Committee and a member of Corporate Governance Committee.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

During the year ended 31 December 2019, Ms. Ma Jian Ying and Ms. Xie Bin are the co-chief executive officers of the Group, and Mr. Chen Ping are the chairman of the Board. Their respective responsibilities are clearly established and defined by the Board in writing. The chairman is responsible for ensuring that the Board is functioning properly, with good corporate governance practices and procedures, whilst the chief executive officer, supported by the executive Directors and senior management, is responsible for managing the Group's businesses, including the implementation of major strategies and initiatives adopted by the Board.

As at the date of this report, Mr. Chen Ping resigned as executive director and chairman of the board on 16 March 2020. On 7 April 2020, Mr. Guo Yong was appointed as executive director and chairman of the board. Ms. Xie Bin resigned as executive director and chief executive officer of the Group on 16 March 2020. Ms. Ma Jian Ying resigned as executive director and chief executive director of the Group on 23 April 2020 and no replacement has yet been made after her resignation.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Code Provision A.4.1 requires non-executive directors should be appointed for a specific term and subject to re-election. The independent non-executive Directors of the Company are not appointed for specific terms but are subject to retirement by rotation in accordance with the Bye-laws of the Company. Save as disclosed in the paragraph of corporate governance practices, throughout the year ended 31 December 2019, the Company complied with Rules 5.05(1), 5.05(2) and 5.05A of the GEM Listing Rules relating to the appointment of at least three Independent Non-executive Directors, at least one Independent Non-executive Director with appropriate professional qualifications, or accounting or related financial management expertise, and a sufficient number of Independent Non-executive Directors representing at least one-third of the board, respectively.

Mr. Leung Wah ("Mr. Leung") has served as independent non-executive Directors of the Company for more than nine years. Although Mr. Leung has been on the Board for over nine years, it is well recognised that an individual's independence cannot be determined arbitrarily on the basis of a set period of time. The Nomination Committee and the Board have reviewed the annual written independence confirmation of Mr. Leung, and assessed his independence based on the independence guidelines set out in Rule 5.09 of the GEM Listing Rules and noted that none of the factors set out in Rule 5.09 applies. In assessing the independence of Mr. Leung, the Board and the Nomination Committee have also considered the character and judgement demonstrated by his commitment and contribution during his years of service and other relevant factors. The Board is of the view that despite his length of service, Mr. Leung maintains an independent mindset and provides invaluable expertise, experience, continuity and stability to the Board, and the Company has benefited greatly from his contribution and valuable insights derived from his in-depth knowledge of the Company. The Board considers the independent non-executive Directors remained independent.

BOARD OF DIRECTORS

The Board is responsible for the Group's corporate policy formulation, business strategies, business development, risk management, major acquisitions, disposals and capital transactions, and other significant operational and financial matters. Major corporate matters that are specifically delegated by the Board to the management include the preparation of quarterly, interim and annual accounts for the Board's approval before public reporting, execution of business strategies and initiatives adopted by the Board, implementation of adequate systems of internal controls and risk management procedures, and compliance with relevant statutory requirements and rules and regulations.

COMPOSITION OF THE BOARD OF DIRECTORS

The Board currently comprises eight members as follows:

Executive Directors

Mr. Guo Yong *(Chairman)*
Mr. Tsang Chun Kit Terence
Mr. Wang An Zhong
Mr. Xu Wenbin

Non-executive Director

Mr. Shi Guang Rong

Independent Non-executive Directors

Mr. Leung Wah
Ms. Wong Mei Ling
Mr. Hu Xiaoming

The biographical information of the Directors and their relationship among the members of the Board, if any, are provided in the "Biographies of Directors and Senior Management" section of this annual report, which demonstrates a diversity of skills, experience and qualifications. Save as disclosed therein, to the best knowledge of the Company, there is no financial, business, family or other material/relevant relationship among the members of the Board.

Each of the executive Directors has entered into a letter of employment with the Company without a specific term. Under the letter of employment, they receive a basic salary per month. Any bonus, option shares, subsequent review will be at the discretion of the Board based upon his or her performance, diligence and loyalty, as well as the Company's business result, financial standing, market conditions and/or inflationary trends and such other factors as the Company may consider relevant in its absolute discretion. Either party may terminate the employment by serving the other party not less than one month written notice or payment of an amount equivalent to one month of the basic salary and allowances in lieu of notice at any time.

Each of independent non-executive Directors has signed a letter of appointment with the Company for one-year term.

Each of the Directors are subject to retirement by rotation and/or re-election at the Company's annual general meeting in accordance with the Bye-laws. Pursuant to the Bye-laws, at least one-third of the Directors shall retire from office by rotation, and any director appointed to fill a casual vacancy or as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at that meeting. Also, all Directors are subject to retirement by rotation at least once every three years. The directors to retire every year shall be those appointed by the Board during the year and those who have been longest in office since their last election or re-election.

The Company has arranged appropriate insurance cover in respect of the legal action against the Directors.

The principal focus of the Board is on the overall strategic development of the Company. The Board also monitors the financial performance and the internal controls of the Company's business operations. With a wide range of expertise and a balance of skills, the Independent Non-executive Directors bring independent judgment on issues of strategic direction, development, performance and risk management through their contribution at board meetings and committee work.

The Independent Non-executive Directors also serve the important function of ensuring and monitoring the basis for an effective corporate governance framework. The Board considers that each Independent Non-executive Director is independent in character and judgment and that they all meet the specific independence criteria as required by the GEM Listing Rules. The Independent Non-executive Directors are explicitly identified in all corporate communications of the Company.

Saved as disclosed above, throughout the year ended 31 December 2019, the Board at all times met the requirements of the GEM Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications, or accounting or related financial management expertise.

During the year ended 31 December 2019, 7 Board meetings were held. The attendance of individual Directors at the meetings of the Board, its respective committees and general meeting during their tenure is as follows:

	Board *(Note 1)*	Audit Committee	Remuneration Committee	Nomination Committee	Corporate Governance Committee	Annual General Meeting
Executive Directors						
Mr. Chen Ping *(Note 2)*	7/7	N/A	N/A	N/A	N/A	1/1
Ms. Ma Jian Ying *(Note 3)*	7/7	N/A	1/1	1/1	1/1	1/1
Ms. Xie Bin *(Note 4)*	4/4	N/A	N/A	N/A	N/A	1/1
Mr. Tsang Chun Kit Terence	7/7	N/A	N/A	N/A	N/A	N/A
Mr. Wang An Zhong	7/7	N/A	N/A	N/A	N/A	0/1
Non-executive Director						
Mr. Shi Guang Rong	7/7	N/A	N/A	N/A	N/A	0/1
Independent Non-executive Directors						
Mr. Leung Wah	7/7	4/4	1/1	1/1	1/1	1/1
Ms. Wong Mei Ling	7/7	4/4	1/1	1/1	1/1	1/1
Mr. Qin Hui *(Note 5)*	4/5	4/4	N/A	N/A	N/A	0/1

Notes:

1. During the year ended 31 December 2019, saved as other meetings, the Board held 7 regular meetings.

2. Resigned on 16 March 2020.

3. Resigned on 23 April 2020.

4. Appointed on 18 April 2019 and resigned on 16 March 2020.

5. Appointed on 29 March 2019 and resigned on 23 April 2020.

The Directors will receive details of agenda items for decision in advance of each Board meeting. The company secretary of the Company (the "Company Secretary") is responsible for distributing detailed documents to the Directors prior to the Board meetings to ensure that the Directors are able to make informed decisions regarding the matters discussed in the meetings so that they may receive accurate, timely and clear information. All Directors could access the advice and services of the Company Secretary to ensure that the Board's procedures, and all applicable law, rules and regulations, are followed. The Company Secretary is also responsible for providing to the Board opinions on matters in relation to the compliance with the procedures of the Board meetings. All executive directors have given sufficient time and attention to the affairs of the Group and each of them has sufficient experience to hold the position so as to carry out his duties effectively and efficiently.

BOARD COMMITTEES

In accordance with the Code, the Board has established Audit, Remuneration, Nomination and Corporate Governance Committees, each committee is chaired by an Independent Non-Executive Director. Terms of reference for each of the Audit Committee, Remuneration Committee, Nomination Committee and Corporate Governance Committee have been published on the websites of the GEM (http://www.hkgem.com) and the Company (http://www.8192.com.hk).

Each committee deal with matters in accordance with its terms of reference so that they could perform their functions properly, including but not limited to report back to the Board on their decisions or recommendations. All committees are provided with sufficient resources to perform their duties and have access to independent professional advice at the Company's expense if so reasonably required. The duties of the four committees are as follows:

Audit Committee

The Audit Committee comprises three Independent Non-Executive Directors. The Board is satisfied that the current mix of experience of the committee members facilitates an effective functioning of their roles. The members of the Audit Committee are:

Mr. Leung Wah – *Chairman of the Committee*
Ms. Wong Mei Ling
Mr. Qin Hui *(appointed on 29 March 2019 and resigned on 23 April 2020)*
Mr. Hu Xiaoming *(appointed on 8 May 2020)*

Ms. Sun Ching resigned as an independent non-executive Director with effect from 1 January 2019 due to her other business commitment and engagement. Following Ms. Sun's resignation, the Company only had two independent non-executive Directors and two members of the Audit Committee which fell below the minimum number required under rule 5.05(1) and rule 5.28 of the GEM Listing Rules.

On 29 March 2019, Mr. Qin Hui was appointed as an independent non-executive Director. Following the appointment of Mr. Qin Hui, the Audit Committee comprises three independent non-executive Directors, which fulfills the requirements under rule 5.05(1) and rule 5.28 of the GEM Listing Rules and the Audit Committee's terms of reference.

The Audit Committee is responsible for monitoring the integrity of the financial statements of the Company, reviewing the Company's risk management process and system and overseeing the relationships between the Company and its independent auditor. The terms of reference of the Audit Committee are posted on the Company's website.

During the year ended 31 December 2019, the Audit Committee held four meetings to review the results, the accounting principles and practices adopted by the Company and discuss with senior management and the independent auditor on the matters arising from audits and the effectiveness of the Company's internal control and risk management system. The record of attendance of the members is set out in the section headed COMPOSITION OF THE BOARD OF DIRECTORS.

The Group's accounts for the year ended 31 December 2019 have been audited by HLB Hodgson Impey Cheng Limited ("HLB") whose term of office will expire upon the forthcoming annual general meeting of the Company (the "AGM"). The Audit Committee has recommended to the Board that HLB be re-appointed as the auditors of the Company at the AGM.

Remuneration Committee

The Remuneration Committee comprises three Directors, two of whom are Independent Non-Executive Directors. The Remuneration Committee is responsible for reviewing and advising on the remuneration packages (including non-monetary benefits, retirement benefits and share option scheme) for all Directors and some senior management, who are not on the Board. The Remuneration Committee met one time during the year ended 31 December 2019 and the record of attendance of the members is set out in the section headed COMPOSITION OF THE BOARD OF DIRECTORS. The terms of reference of the Remuneration Committee have been reviewed with reference to the Code and are posted on the Company's website. The members of the Remuneration Committee are:

Mr. Leung Wah – *Chairman of the Committee*
Ms. Ma Jian Ying *(resigned on 23 April 2020)*
Mr. Guo Yong *(appointed on 23 April 2020)*
Mr. Qin Hui *(appointed on 29 March 2019 and resigned on 23 April 2020)*
Mr. Hu Xiaoming *(appointed on 8 May 2020)*

Ms. Sun Ching resigned as a member of Nomination Committee with effect from 1 January 2019 due to her other business commitment and engagement. Following Ms. Sun's resignation, the Remuneration Committee did not comprise a majority of independent non-executive Directors which failed to meet the requirement under rule 5.34 of the GEM Listing Rules. On 29 March 2019, Mr. Qin Hui has been appointed as a member of Remuneration Committee.

Details of the Directors' remuneration and the five highest paid individuals during the year are set out in Note 13 to the consolidated financial statements.

Nomination Committee

The Nomination Committee comprises three Directors, two of whom are Independent Non-Executive Directors. The terms of reference of the Nomination Committee were formulated in accordance with the requirements of the Code and are posted on the Company's website. The Nomination Committee is responsible for formulating nomination policy for consideration by the Board. It makes recommendations to the Board on the appointments or re-appointments of directors and succession planning for directors. The Nomination Committee met one time during the year ended 31 December 2019 and the record of attendance of the members is set out in the section headed COMPOSITION OF THE BOARD OF DIRECTORS. The members of the Nomination Committee are:

Mr. Leung Wah – *Chairman of the Committee*
Ms. Ma Jian Ying *(resigned on 23 April 2020)*
Mr. Guo Yong *(appointed on 23 April 2020)*
Mr. Qin Hui *(appointed on 29 March 2019 and resigned on 23 April 2020)*
Mr. Hu Xiaoming *(appointed on 8 May 2020)*

Ms. Sun Ching resigned as a member of Nomination Committee with effect from 1 January 2019 due to her other business commitment and engagement. Following Ms. Sun's resignation, the Nomination Committee did not comprise a majority of independent non-executive Directors which failed to meet the requirement under code provision A.5.1 of the CG Code. Mr. Qin Hui has been appointed as a member of Nomination Committee on 29 March 2019.

The Board believes that building a diverse and inclusive culture is integral to the success of the Group. A truly diverse Board will include and make good use of differences in the skill, regional and industry experience, background, race, gender and other qualities of directors.

The Company has adopted a board diversity policy (the "Board Diversity Policy") in order to bring it in line with the code provisions A.3 and A.5 of the CG Code. The Board Diversity Policy sets out the general policy and measurable objectives based on a range of diversity perspectives. The Company seeks to achieve diversity of board members through the consideration of a number of factors, including but not limited to gender, age, educational background, professional experience, skills and knowledge. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Nomination Committee has reviewed the composition of the Board under diversified perspectives. Diversity Policy, as appropriate, and review the measurable objectives that the Board has set for implementing the Board Diversity Policy, and the progress on achieving the objectives; and make disclosure of its review results in the corporate governance report annually.

Corporate Governance Committee

The Corporate Governance Committee comprises three Directors, two of whom are Independent Non-Executive Directors. The terms of reference of the Corporate Governance Committee were formulated in accordance with the requirements of the Code and are posted on the Company's website. The Corporate Governance Committee met one time during the year ended 31 December 2019 and the record of attendance of the members is set out in the section headed COMPOSITION OF THE BOARD OF DIRECTORS. The members of the Corporate Governance Committee are:

Mr. Leung Wah – *Chairman of the Committee*
Ms. Ma Jian Ying *(resigned on 23 April 2020)*
Mr. Guo Yong *(appointed on 23 April 2020)*
Mr. Qin Hui *(appointed on 29 March 2019 and resigned on 23 April 2020)*
Mr. Hu Xiaoming *(appointed on 8 May 2020)*

Ms. Sun Ching resigned as a member of Corporate Governance Committee with effect from 1 January 2019 due to her other business commitment and engagement. Mr. Qin Hui has been appointed as a member of Nomination Committee on 29 March 2019.

The principles of corporate governance adopted by the Board stress the importance of a quality board, sound internal controls, and transparency and accountability to all the shareholders of the Company. The Corporate Governance Committee is primarily responsible for developing and reviewing the policies and practice of corporate governance including the continuous professional development of directors and senior management, compliance with code of conduct of the Directors and the Company's policies and procedures, and making recommendations to the Board.

AUDITORS' REMUNERATION

The Company engaged HLB as the Company's independent auditor. For the year ended 31 December 2019, HLB provided the following services to the Group:

	2019	2018
	HK$'000	HK$'000
Statutory audit service	**830**	780
Non-statutory audit service	**30**	30
	860	810

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility for the preparation and true and fair presentation of the financial statements of the Company. In preparing the financial statements, the financial reporting standards in Hong Kong have been adopted, appropriate accounting policies have been used and applied consistently, and reasonable judgements and estimates have been made. The Board is not aware of any material uncertainties relating to the events or conditions which may cast significant doubt over the Group's ability to continue as a going concern. Accordingly, the Board has continued to adopt the ongoing concern basis in preparing the financial statements. The consolidated financial statements of the Group for the year ended 31 December 2019 had been subjected to qualified opinion of the independent auditor of the Company. The management provided the latest update on the relevant remedial measures taken which have been considered, recommended and agreed by the Audit Committee after its critical review of the management's position under the section "Management Discussion and Analysis" on page 14 of this annual report.

The independent auditor's report, which contains the statement of the independent auditor about its reporting responsibilities on the Group's consolidated financial statements, is set out in the "Independent Auditors' Report" of this annual report.

The Group has announced in its quarterly and interim results in a timely manner within 45 days after the end of the relevant period, as required under the GEM Listing Rules.

Reference is made to the announcement on 17 March 2020, due to the restrictions imposed on both travel and resumption of work due to the outbreak of the COVID-19, there was a delay in the publication of the audited financial results of the Group for the year ended 31 December 2019. Pursuant to rule 18.49 of the GEM Listing Rules, the Company is required to publish the announcement in relation to its preliminary annual results on a date not later than three months after the end of the financial year of the Company. Pursuant to rule 18.03 and 18.48A of the GEM Listing Rules, the Company must publish its annual report not later than three months after the date of the financial year ended, i.e. on or before 31 March 2020.

Pursuant to the "Joint Statement in relation to Results Announcements in light of the COVID-19 Pandemic" issued by Securities and Futures Commission and the Stock Exchange on 4 February 2020 and 16 March 2020 (the "Joint Statement"), the Company may defer the publication of its annual report initially for up to 60 days from the date of this statement if the issuer has published, on or before 31 March 2020, (i) its preliminary results without its auditors' agreement pursuant to the Joint Statement; and (ii) Material Financial Information. The Company published the preliminary unaudited financial results of the Group for the year ended 31 December 2019 on 31 March 2020 which fulfil the requirement of the Joint Statement mentioned as above.

INTERNAL CONTROL

The Board has overall responsibility for maintaining effective internal control to safeguard the Group's assets and the shareholders' interests. The Board, through the Audit Committee, conducted an annual review of the effectiveness of the internal control system of the Group. The review covers all material controls, including financial, operational and compliance controls and risk management functions. The Board is of the view that the internal control system in place for the year ended 31 December 2019 is sufficient to safeguard the interests of the shareholders and the Group's assets. The Board further considers that, save as disclosed in the "Continuing Connected Transactions" subsection contained in the "Directors' Report" section in this annual report, (i) there was no issue relating to the material controls, including financial, operational and compliance controls and risk management functions, of the Group; and (ii) that there were adequate staff with appropriate qualifications and experience, resources and budget of its accounting and financial reporting function, and adequate training programmes have been provided for during the year ended 31 December 2019.

The management of Group realised that fluctuation of fair value of cryptocurrencies may have material financial impacts to the Group's financial statements. In order to mitigate financial impacts on change of fair value of the cryptocurrencies to be received as commission income on TiDeal, the Group will convert the cryptocurrencies to be received as commission income on TiDeal into cash within 2 weeks. In this regard, the Group introduced following control policies (the "Cryptocurrencies Control Polices") which was effective on 1 January 2019:

i. At the last working day of every week, the Group's finance manager will prepare a weekly report (the "Weekly Report") based on the transactions incurred on TiDeal. The Weekly Report will summarise numbers and types of the cryptocurrencies received as commission income during the week.

ii. The Group's finance manager will submit the Weekly Report to the Group's finance controller for his review. The Group's financial controller will reconcile the Weekly Report with TiDeal system and investigate the differences found, if any. The Group's financial controller will complete the review within 1 working day of the Weekly Report.

iii. After the review performed by the Group's financial controller, he will submit the Weekly Report to two of the Directors for their joint approvals on allowing the Company to covert the cryptocurrency shown on the Weekly Report into cash. If there is no material finding on Weekly Report or any unexpected events occurred in the market, both Directors will approve the event aforementioned within 3 working days of submission of the Weekly Report made by the Company's financial controller.

iv. Within 1 working day of joint approval provided by both Directors, the Group's finance controller will convert the cryptocurrencies shown in the Weekly Report into cash at the cryptocurrency exchange which will directly deposit relevant amount of cash to the Group's bank account.

Anti-Money Laundering

In strict compliance with current laws and regulations concerning the operation of Cryptocurrency Exchange in Hong Kong, the Group as a TiDeal Operator is required to conduct due diligence on customers and have an adequate anti-money laundering/counter-financing of terrorism ("AML/CFT") system, which should include specific measures such as obtaining sufficient personal details of the customers (and suspend/terminate those who provide incomplete information), to apply enhanced due diligence and ongoing monitoring under certain circumstances e.g. transactions involving tainted wallet addresses or Virtual Assets with a higher risk or greater anonymity.

The cryptoexchange business of TiDeal are largely separated into three phases:

1. **Customer Acceptance/KYC:** is the process of TiDeal verifying the identity of its customers prior to the establishing of business relationships and assessing potential risks of illegal intentions of money laundering and/or terrorist financing for the same. Such process typically involves the collection and analysis of basic identity information, name matching against lists of known parties that are known to be politically exposed persons ("PEP"), determining customers' risks pertinent to money laundering, terrorist financing or identity theft and monitoring customers' transactions against behaviours that are illegal and/or suspicious.

2. **Financial/Credit Assessment/Monitor:** is the process of TiDeal monitoring its registered customers and the Projects on a regular basis for maintaining good business relationship. This is to ensure documents, data and information of the Customers are up-to-date and relevant.

3. **Client & Product Control/Monitor:** is the process of TiDeal monitoring the transactions of the Registered Users and ensuring that a proper segregation of Client's Asset and TiDeal's assets.

TiDeal has adopted a three-tier system for the KYC/AML process.

– **Customer due diligence ("CDD")** comprises the facts about an onboard customer that should enable an organisation to assess the extent to which the customer exposes it to a range of risks. The objective of CDD is to identify customers and verify their identities. CDD information is vital for recognising whether there are grounds for knowledge or suspicion of money laundering or terrorist financing. CDD is applied in all circumstances save for the circumstances mentioned below. The CDD measures applicable are (a) to identify the customer and verify the customer's identity using documents, data, or information provided by a reliable and independent source; (b) where there is a beneficial owner in relation to the customer and take reasonable measures to verify the beneficial owner's identity; and (c) to obtain information on the purpose and intended nature of the business relationship established with TiDeal Operator.

– **Simplified due diligence ("SDD")** is applied in relation to a business relationship or transaction if it determines that, taking into account its risk assessment, the business relationship or transaction presents a low money laundering/terrorist financing risk. SDD is applied to customers: (a) any institution subject to the regulations; (b) companies listed on an appointed stock exchange; (c) a public authority. SDD cannot be applied in specifically high risks scenarios which may include a client who is not physically present for identification purpose, a politically exposed person or where a risk assessment reveals a higher risk of money laundering.

– **Enhanced due diligence ("EDD")** is when additional due diligence is applied to customers that present a higher risk of money laundering and requires monitoring more frequently the transactions. Examples of potentially higher risk factors are separated in two main categories – (a) customer risk factors and (b) country risk factors. Examples of category (a) are legal arrangements that involve a shell vehicle without a clear and legitimate commercial purpose, the onboard customer or the beneficial owner of the onboard customer is a foreign political exposed person ("PEP"). Examples of category (b) are countries or jurisdictions identified by credible sources that do not have a significant level of corruption or criminal activity, countries that are subject to sanctions or similar measures issued by the United Nations.

The Group had nominated an officer as the AML officer (a) to receive disclosures of suspicious activity from the staff, (b) to communicate within departmental heads and their staff regarding internal management control on potential money laundering, (c) to exchange communication with Human Resources Department in terms of staff training on policies and procedures and (d) to report any suspicious activity to related serious organised crime authorities (the "AML Officer").

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 21 June 2019. Further to the cessation of the operation, the Group disposed of this business to an independent third party on 1 April 2020. Details of the disposal are set out in the Company's announcement dated 24 April 2020.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had made specific enquiries of all Directors, each Director has confirmed that he has fully complied with such code of conduct and the required standard of dealings regarding securities transactions throughout the year ended 31 December 2019. Other employees of the Group who are likely to be in possession of unpublished inside information of the Company are also subject to compliance with guidelines on no less than exacting terms than the required standard of dealings set out in 5.48 to 5.67 of the GEM Listing Rules. No incident of non-compliance of the Written Guidelines by the relevant employees was noted by the Company.

DIRECTORS' TRAINING

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. Each of the newly appointed Directors receives comprehensive and formal induction training on or before his appointment, so as to ensure that he/she has an appropriate understanding of the Company's business and the director's duties and responsibilities. In order to allow the Directors to understand the up-to-date development of regulatory and compliance issues, they are also provided with market news and regulatory updates. A summary of training received by the current Directors during the relevant period according to the records maintained by the Company is as follows:

Directors		Type of trainings
Mr. Guo Yong *(Chairman)*	*(appointed on 7 April 2020)*	B
Mr. Chen Ping *(Chairman)*	*(resigned on 16 March 2020)*	B
Ms. Ma Jian Ying	*(resigned on 23 April 2020)*	B
Ms. Xie Bin	*(appointed on 18 April 2019 and resigned on 16 March 2020)*	B
Mr. Tsang Chun Kit Terence		B
Mr. Wang An Zhong		B
Mr. Xu Wenbin	*(appointed on 2 April 2020)*	B
Mr. Shi Guang Rong		B
Mr. Leung Wah		A and B
Ms. Wong Mei Ling		B
Mr. Qin Hui	*(appointed on 29 March 2019 and resigned on 23 April 2020)*	B
Mr. Hu Xiaoming	*(appointed on 8 May 2020)*	B

Type of trainings:

A Participation in conferences, seminars or courses of formal education
B Private study of material relevant to directors' duties and responsibilities

DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the forthcoming annual general meeting of the Company has a service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

COMPANY SECRETARY

All Directors have access to the advice and services of the Company Secretary, Mr. Yu Lap Pan. Mr. Yu supports the Board by ensuring good information inflow within the Board and that board policy and procedures are followed. Mr. Yu reports to the CO-Chief Executive Officers of the Company. Mr. Yu's biography is set out in the Biographies of Directors and Senior Management section of this annual report. During the year 2019, Mr. Yu undertook over 20 hours of professional training to update his skills and knowledge.

COMMUNICATION WITH SHAREHOLDERS

The Board recognises the importance of maintaining clear, timely and effective communication with the shareholders of the Company (the "Shareholders") and potential investors. Information in relation to the Group is disseminated to the Shareholders in a timely manner through a number of formal channels including quarterly, interim and annual reports, announcements and circulars.

During the year ended 31 December 2019, an annual general meeting ("2019 AGM") was held. Notices of general meetings were sent to shareholders at least 20 clear business days before the annual general meeting and at least 10 clear business days for all other general meetings. The Company's auditors have also attended the annual general meeting in 2019. The Chairman and executive Director of the Board, Mr. Chen Ping, chaired the meetings.

The independent non-executive Directors, for the time when the general meetings were held in 2019, had other business engagements and thus, were not able to attend the general meetings held in 2019. The independent non-executive Directors was reminded to attend general meetings of the Company in future for compliance of code provisions A.6.7 as set out in the CG Code. The record of attendance of the Directors is set out in the section headed COMPOSITION OF THE BOARD OF DIRECTORS.

Shareholder Communication Policy

A written shareholder communication policy has been adopted by the Company on 21 March 2012, from which the general policy is extracted as follow:

1. The Board shall maintain its communication with the Shareholders and the potential investors as an on-going process, and shall regularly review this Policy to ensure its effectiveness.

2. The Company communicates with the Shareholders and the potential investors through various channels, including financial reports (annual, half-yearly and quarterly reports), annual general meetings and special general meetings, press release, road shows, investment conferences, announcements and circulars.

3. Information published by the Company pursuant to the GEM Listing Rules will be made available on the websites of the GEM and the Company (such as its history and developments, products and services, awards and achievements etc.) to enable the Shareholders and the potential investors to have better understanding of the Company and its latest development.

4. The Company shall ensure effective and timely dissemination of information to the Shareholders and the potential investors at all times. Any question regarding this Policy shall be directed to the Company Secretary.

Details of the Shareholder Communication Policy are published on the website of the Company.

Procedures for the Shareholders to Propose a Person for Election as a Director

The Company has also adopted procedures for Shareholders to propose a person for election as a director from which the nomination procedure is extracted as follow:

1. In accordance with bye-law 88 of the Bye-Laws, a notice signed by a shareholder (other than the person to be proposed) duly qualified to attend and vote at a general meeting (the "Election Meeting") for which such notice is given of his intention to propose such person for election as director (the "Nominee") and also a notice signed by the Nominee of his/her willingness to be elected (the "Nominee's Notice", and together the "Running Notices") shall be lodged at the Company's head office or at the Company's branch share registrar in Hong Kong, Tricor Tengis Limited.

2. According to bye-law 88 of the Bye-Laws, the minimum length of the period, during which such Running Notices are given, shall be at least seven (7) days and that (if the Running Notices are submitted after the dispatch of the notice of the Election Meeting) the period for lodgment of the Running Notices shall commence on the day after the dispatch of the notice of the Election Meeting and end no later than seven (7) days prior to the date of the Election Meeting. In this connection, the Running Notices shall be lodged within the seven-day (7-day) period commencing from the day after the dispatch of the notice of the Election Meeting.

3. The Nominee's Notice must include the biographical details of the Nominee as required by Rule 17.50(2) of the GEM Listing Rules. The Nominee shall warrant in the Nominee's Notice that the information provided is true and complete and undertake that he/she will discharge his/her duties as director upon election.

Details of the Procedures for the Shareholders to propose a person for election as a director are published on the website of the Company in compliance with Rule 17.50C of the GEM Listing Rules.

Procedures for Shareholders to Propose Convening Special General Meeting

Pursuant to bye-law 58 of the Bye-laws, shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves may do so in accordance with the provisions of Section 74(3) of the Companies Act 1981 of Bermuda (the "Act").

The written requisition must state the purposes of the general meeting, signed by the shareholder(s) concerned and may consist of several documents in like form, each signed by one or more of those shareholders. Such written requisition can be addressed to the Company Secretary in writing by mail to the Company's head office in Hong Kong.

If the requisition is in order, the Company Secretary will ask the Board to convene a special general meeting by serving sufficient notice in accordance with the statutory requirements to all the registered shareholders. On the contrary, if the requisition is invalid, the shareholder(s) concerned will be advised of this outcome and accordingly, a special general meeting will not be convened as requested.

Pursuant to Section 74(3) of the Act, if the directors do not within twenty-one (21) days from the date of the deposit of the requisition proceed duly to convene a meeting, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of three months from the said date.

Shareholders' Enquiries

The Shareholders may at any time send their enquiries and concerns to the Board in writing to the Company Secretary at the Company's head office in Hong Kong.

Environmental, Social and Governance Report

ABOUT THIS REPORT

Sustainability and environmental conservation is a significant issue for our customers, shareholders, government and the general public. We saperate no effort in managing and maintaining good corporate governance, and strives to integrate corporate social responsibility into its business strategy and management approach. We works to advance environmental and social progress and conduct business in a way that creates value for our clients and employees.

PREPARATION BASIS AND SCOPE

The content of this ESG report is prepared in accordance with the ESG Reporting Guide set out in Appendix 20 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") to make relevant disclosure of sustainability performance in material aspects of the guide.

The scope of reporting covers our core business segments in (i) trading business, (ii) money lending business and (iii) securities trading business, and (iv) blockchain technology related business. We had taken the stakeholder's opinion in the determination of the reporting scope.

COMMITMENT TO ENVIRONMENT

Emissions

The Group strives to achieve environmental sustainability of the business and to fulfil the obligation of reducing the impact of the operations and the resources and materials consumed each day.

The main source of emissions from the business activities of the Group is greenhouse gas emissions from the consumption of electricity. To minimise the emissions, energy saving practices had been implemented including:

– Consider to take public transport instead of driving;

– Use telephone conferencing to replace business trips; and

– Recycling toner cartridge.

Use of Resources

The Group places a high priority on the efficient use of resources and strives to improve the efficient use of natural resources, including energy such as minimize waste streams and emissions and implement effective recycling program. Practical measures are implemented as follows:

A. Waste management

Due to the nature of core business activities, the Group does not produce material level of air or water pollutions to the environment. The non-hazardous waste generated is mainly paper and office consumables. The Group encourages its staff to reduce wastes and promote a green environment for office with basic principles — Reduce, Reuse and Recycle.

B. Use of paper

The Group monitors its paper consumption and implement the following reduction measures:

– Encourage to use electronic means of communications/circulation and promote the paperless working environment;

– Recommend the shareholders to read Annual Report, Interim Report and Circular etc. on the official website to replace the need of receiving hard copies;

– Use of environmentally friendly paper;

– Adopt double sided printing for an informal document; and

– Recommend 2-on-1 page copying or printing.

C. Use of electricity

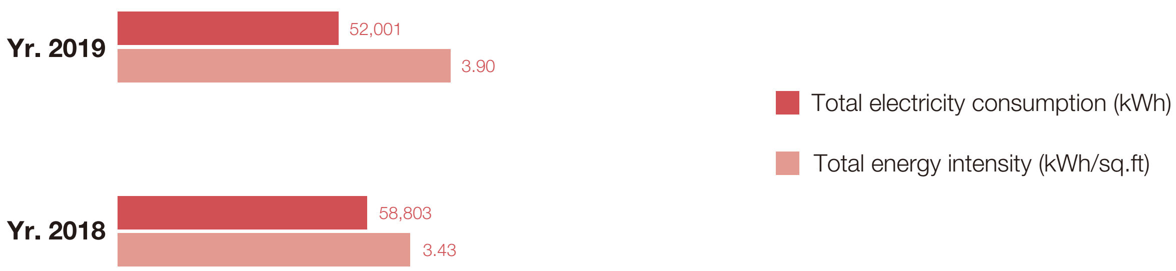
The Group's major source of carbon emissions is the use of electricity. The Group has launched the following green measures for energy conservation and reduction of carbon emission:

– Set computers as the sleep mode when they are not in use;

– Use more natural light to reduce the use of lighting devices;

– Unnecessary lighting and power supply are switched off when they are not in use; and

– Control indoor air-conditioner temperature.



D. Use of water

Although the Group does not consume material amounts of water in the business activities, the Group also encourages saving water by driving behavioral changes in the workplace. Green messages are posted in pantries as reminders for using water efficiency. Employee are also encouraged to report leaking faucet or pipe to the relevant authority and turn off the tap when not in use.

The Environmental and Natural Resources

Since the Group is principally engaged in the business which have minimal direct impact to the environment, other than wastes generated from administrative works as well as energy use, there is no particular hazardous waste noted in our business activities.

SOCIAL

Employment

Being in the financial services industry, people are the most valuable asset that drives the long-term development and sustainability of the Group.

A. Employment care

The Group has established and implemented a set of human resources management policies and procedures in place with the aim to provide ideal working environment to its staff in order to comply with local employment laws and regulations.

The Group's staff handbook sets out the Group's standards for compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. The remuneration management aims to attract potential employees and motivate current staff. Employees receive social welfare benefits and other benefits. All employees are treated equally and their employment, remuneration and promotion opportunities will not be affected by their nationality, race, age, sexual orientation, disability or religious beliefs.

B. Promotion

Besides salary adjustment, our employees join the annual performance appraisal. Those who show outstanding work performances will be entitled a job promotion. The Group will also consider promoting staff who works long enough with us and continues to have work performance that meet our required standard.

C. Equal opportunities, diversity and inclusion

As the employees of the Group are one of the key stakeholders, diversity and equal opportunity from part of our people strategy. Our employment practices support the building of an inclusive work environment free from discrimination such as gender, age, nationality, sexual, orientation, family status, race or religion. Each employee has an equal job opportunity.

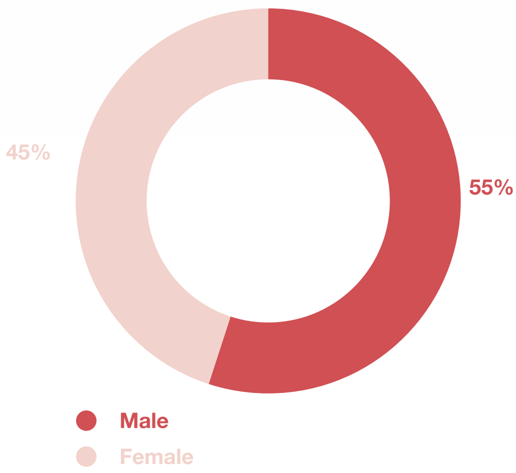
D. Employment benefit

The Group has established a comprehensive remuneration and performance appraisal policy. The Group regularly review and evaluate the performance and development of the employees. In addition to statutory employee benefits for our full time staff including Mandatory Provident Fund (MPF), social security scheme and leaves for paternity, funeral and sickness, the Group also offer festival bonus, travel allowance and working meal.

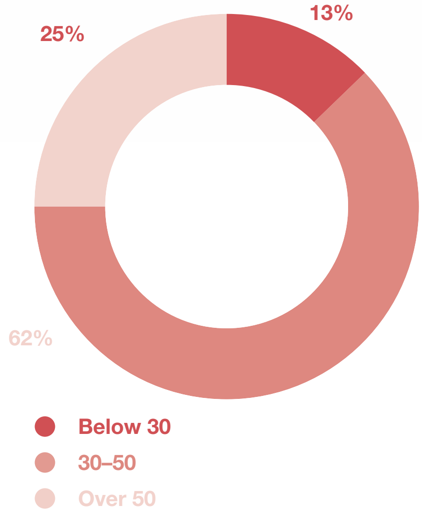
E. Communication with employees

The Group listed to the staff, value their opinion and demand with an open and cooperative attitude to maintain mutual trust. The Group keeps the staff abreast of the latest news about management policy and operational strategy by means of email, meeting and announcement. Meawhile, face-to-face discussion is encourage to understand their views and thoughts.

Percentage of Employees by Gender



Percentage of Employees by Age Group



	Sustainability Data Statement – Social Percentage	
	2019	2018
By Geographic Region		
Hong Kong	**57%**	16%
PRC	**43%**	76%
Taiwan	**–**	8%
By Gender		
Male	**55%**	64%
Female	**45%**	36%
By Age Group		
Below 30	**13%**	38%
30–50	**62%**	55%
Over 50	**25%**	7%

Health and Safety

In the daily operation of the Group, there is no significant hazards as compared to industries like manufacturing and mining, etc. The Group aims to enhance wellness of the employee by providing a harmonious and comfortable environment. The Group has adhered with related laws and regulations, such as Occupational Safety and Health Ordinance in Hong Kong. The Group have implemented measure in the following aspects:

A. Providing and maintaining safe working environment

Office are maintained in a good lighting conditions which enables the staffs to see comfortably and avoid possible danger. Fluorescent lights recessed into the false ceiling and fitted with louver or diffuser to control glare and distribution of light. Blinds or curtains should be used to prevent glare and control the lighting level.

Heavy manual handling work should be minimised in the office. Risk assessment should be conducted for unavoidable manual handling operations before it is undertaken.

All the fire safety equipment has to be checked and complied with the fire safety rules in the office. First aid box has been placed in the office. The items as required to be provided in the first aid box are in compliance with the regulation of Occupational Safety and Health Council as issued by the Labor Department.

B. Indoor air quality and ventilation

Smoking is prohibited in all workplace and indoor areas of the office. The indoor temperature and humidity are controlled in an optimum level to make the workplace more comfortable and help preventing bacteria from flourishing. Air outlets to be cleaned regularly in the office to reduce the dust level of indoor air and increase efficiency of the ventilation system.

Developing and Training

Since the Group is subjected to various ordinances, rules and guidelines which amended from time to time, our staff is required to update their knowledge and skills to maintain their professional competence to remain fit and proper.

We provides diversified on-the-job training to employees in order to enhance their professional skills and knowledge required at work. We also encourages self-development of employees through taking up of external training programs relevant to their jobs and attending job-related trainings or seminars. It's believed that the development of employee is crucial to the sustainable development of the business.

Labour Standards

According to the "Code of Conduct" in the Group's staff handbook, the Group strives to provide a fair, equal opportunity, respectful and pleasant work environment to all employees. All practices are designed to ensure that all individuals of the corporation are recruited, hired, compensated and retained on the basis of their qualifications, experience and/or the terms and conditions and treated equally in these respects without the consideration of race, color, creed, religious beliefs, sex, age, marital status, national origin, disability or family status.

The Group also takes effective procedures to maintain the working environment free from all forms of discrimination and harassment. There is no material risk related to the recruitment of child labour as the Group's core business requires employee equipped with specialised skills and adequate educational background. Any form of forced labour is prohibited by the Group.

We has been in strict compliance with the requirements of the legislation on anti-discrimination in Hong Kong, including Sex Discrimination Ordinance, Disability Discrimination Ordinance, Family Status Discrimination and Race Discrimination Ordinance.

Supply Chain Management

The suppliers are mainly engaged in the provision of electronic products and energy-saving air-conditions. The Group encourages its suppliers and service providers to maintain a high standard of business ethics on the environmental and social issues. The Group has a procurement management measures to control the quality of products and services from suppliers, to control the selection of suppliers and to evaluate suppliers. The Group is committed to cultivating good relationships with the business partners and maintaining management and control of the supply chain.

The Group performed on-site supplier audits to ensure that the goods and services provided to the Group are with high quality. The Group requires the suppliers of goods and services possess required professional skills, stable quality and good compliance on laws and regulations.

The Group encourages its employees, suppliers and customers to report any incidence involving violations and laws or regulations. There is no violation of laws and regulations found during the reporting period.

Product Responsibility

The Group is committed to provide products that are safe, environmentally friendly and energy-saving. The Group recognises that customer satisfaction is one of the most important competitive attribute of the Group. In this regards, the Group has maintained a customer service hotline to deal with customer inquiries and complaints.

Data Privacy

Ensuring the privacy of customer information is among the Group's most important responsibilities in maintaining the reputation and trust. The Group complies with all data privacy regulations and guides staff in protecting the data and privacy of customers. Specific process for the handling and protection of customer data are set out in the relevant internal procedure manual which ensures appropriate measures are in place to protect personal data against unauthorised use or access. The Group also ensures that customers' personal data is securely kept and processed only for the purposes for which it has been collected. Staff are provided with adequate training in compliance with the Personal Data (Privacy) Ordinance, to strengthen their knowledge regarding safeguarding of personal data.

Anti-corruption

The Group promotes a corporate culture of integrity and creates an ethical corporate culture and practices of anti-corruption and does not tolerate any acceptance of bribery, extortion, fraud and money laundering.

This policy sets forth procedures for customer screening and monitoring requirements, "know your client" policies, record keeping requirements, and reporting suspicious circumstances in accordance with the relevant laws, codes and guidelines issued by regulatory authorities. All the new staff are required to be trained in accordance with the code of conduct.

The Board of Directors sets a tone of zero tolerance on bribery, extortion and fraud. This is reflected in our business and staff policies, as well as our operational procedures, as we are determined to prevent any corruption by raising employee's awareness of anti-corruption. We endeavor to maintain sound corporate governance and risk management to protect the interest of stakeholders. The Group is also in strict compliance with Listing Rules and Securities and Futures Ordinance to forbid any fraudulent behavior in the capital market.

The Group implements measures for various businesses to prevent money laundering and financing for improper purposes through our Group by clients. Prior to offering credit and informediary products and services, we verify the identity of our clients; require real name authentication for clients of third party payment platform to avoid fraudulent card payment. We keep an eye on work process to ward off any participation of money laundering activities by our employees.

During the reporting period, the Group complied with the relevant laws and regulations relating to bribery, extortion, fraud and money laundering.

Community Involvement

As a responsible corporation, the Group is committed to participate in the community events and charity activities to the improvement of social well-being. The Group actively encourages staff to participate in charitable events, which would inspire more people to take part in serving the community.

Directors' Report

The Directors are pleased to present their report and the audited financial statements of the Company and the Group for the year ended 31 December 2019.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in Note 31 to the consolidated financial statements.

BUSINESS REVIEW

The Group's business review for the year ended 31 December 2019 is set out from pages 5 to 6 of this annual report.

KEY RISK FACTORS

The principal risks faced by the Group are set out in page 12 of this annual report. As it is a non-exhaustive list, there may be other risks and uncertainties further to the disclosure. Besides, this annual report does not constitute a recommendation or an advice for anyone to invest in the securities of the Company. Investors are advised to make their own judgement or consult professionals before making any investment in the securities of the Company.

FINANCIAL KEY PERFORMANCE INDICATORS

For the year ended 31 December 2019, the Group's total revenue decreased by 4.7% to approximately HK$169,084,000 (2018: approximately HK$177,448,000). Loss attributable to owners of the Company decreased by 43.8% to approximately HK$78,162,000 (2018: approximately HK$139,188,000). Loss per share attributable to owners of the Company for the year was approximately HK$7.54 cents (2018: approximately HK$13.43 cents). The improvement was mainly attributed to (i) the cost-cutting measures in the operation related to blockchain technology related business leading to a substantial decrease on administrative and other operating expenses, and selling and distribution expenses; (ii) lower of impairment loss on cryptocurrencies; (iii) no loss arising from the disposal of subsidiaries during the current year; and (iv) no equity-settled share-based payment was incurred during the year.

The current ratio was approximately 5.00 (2018: 8.26). Since the Group has net cash of approximately HK$19,045,000 (2018: approximately HK$48,982,000), the Group's financial position remained solid.

SEGMENT INFORMATION

The analysis of the business and geographical segments of the operations of the Group are set out in Note 5 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2019, the five largest customers accounted for approximately 98.8% of the Group's total revenue. The five largest suppliers accounted for approximately 100.0% of the Group's total purchases. In addition, the largest customer accounted for approximately 38.3% of the Group's total revenue while the largest supplier accounted for approximately 53.0% of the Group's total purchases.

None of the Directors, their associates or any shareholders (which, to the knowledge of the Directors, own more than 5% of the Company's issued share capital) had any interest in the Group's five largest customers and suppliers.

RESULTS AND DIVIDENDS

The Group's results for the year ended 31 December 2019 are set out in the consolidated statement of profit or loss and other comprehensive income on page 54 of this annual report.

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2019 (2018: Nil).

GROUP FINANCIAL SUMMARY

A summary of the results, and assets and liabilities of the Group announced in previous years are set out on page 3 of this annual report.

SHARE CAPITAL AND SHARE OPTIONS

Details of the movements in the share capital and share options of the Company are set out in Note 29 and 30 to the consolidated financial statements respectively.

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.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Bye-laws, or laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to its existing shareholders.

RESERVES

Details of movements in reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity and Note 32 to the consolidated financial statements, respectively.

DISTRIBUTABLE RESERVES

The Company had no reserves available for distribution to its shareholders as at 31 December 2019 (2018: Nil).

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in Note 14 to the consolidated financial statements.

CONTINUING CONNECTED TRANSACTION

The Group entered into the following continuing connected transaction with Tide Digital Financial Holdings Limited ("Tide Digital") has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules:

Continuing Connected Transaction with Tide Digital in relation to leasing services

On 7 December 2017, Tide Global Exchange Technology Limited ("Tide Global Exchange"), an indirect wholly-owned subsidiary of the Company, entered into a licence agreement ("Licence Agreement") with Tide Digital in respect of the leasing of a system for developing the non-mainstream cryptocurrencies trading platform (the "Continuing Connected Transaction").

Pursuant to the Licence Agreement, Tide Digital provides the framework and source code of its online operating trading system based on distributed ledger technology to Tide Global Exchange for developing and operating the non-mainstream cryptocurrencies trading platform. Tide Digital will also provide Tide Global Exchange with technical support services to refine the global securities trading system and provision of maintenance services.

The Continuing Connected Transaction has been reviewed by the independent non-executive Directors. The independent non-executive Directors have confirmed that the Continued Connected Transactions have been entered into:

(a) In the ordinary and usual course of business of the Group;

(b) Either on normal commercial terms or on terms no less favourable to the Group than terms available to or from (as the case may be) independent third parties;

(c) In accordance with the relevant agreements governing such transactions on terms that are fair and reasonable and in the interests of the Shareholders as a whole; and

(d) Within the respective cap amounts as disclosed in the previous announcements in which the relevant Continuing Connected Transactions were disclosed.

The Company's auditor was engaged to report on the Group's Continuing Connected Transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has confirmed in a letter to the Board in respect of the disclosed continuing connected transactions that nothing has come to their attention that (i) causes them to believe that the disclosed continuing connected transaction has not been approved by the Company's board of directors; (ii) were not entered into in all material respects in accordance with the relevant agreements governing such transactions; (iii) had exceeded the caps disclosed in the announcement of the Company dated 7 December 2017; and (iv) were not, in all material respects in accordance with the pricing policies of the Group.

Tide Digital, is ultimately owned as to 85%, by Mr. Chen Ping *(chairman and executive Director of the Board (resigned on 16 March 2020))* and 15% by Ms. Ma Jian Ying *(co-chief executive officer and executive Director of the Board (resigned on 23 April 2020))*. Accordingly, Tide Digital is a connected person of the Company for the purpose of Chapter 20 of the Gem Listing Rules.

During the year ended 31 December 2019, the transactions carried out pursuant to the Licence Agreement as following is continuing connected transaction exempted from the independent Shareholders' approval requirement but are still subject to the reporting and announcement requirements under the Listing Rules.

Nature of transactions	For the year ended 31 December 2019 HK$'000	Annual cap HK$'000
License fee for leasing services of an online operating trading system	4,446	10,256

On 21 June 2019, Tide Global Exchange entered into a termination agreement with Tide Digital to terminate the Licence Agreement. Details of the termination are set out in the Company's announcement dated on 21 June 2019.

Apart from the aforesaid Continuing Connected Transaction entered into by the Group during the year ended 31 December 2019 which do not constitute connected transactions or continuing connected transactions under the Chapter 20 of the Gem Listing Rule are disclosed in Note 35 to the consolidated financial statements.

DIRECTORS

The Directors up to the date of this annual report were:

Executive Directors

Mr. Guo Yong *(Chairman)*
Mr. Tsang Chun Kit Terence
Mr. Wang An Zhong
Mr. Xu Wenbin

Non-executive Director

Mr. Shi Guang Rong

Independent non-executive Directors

Mr. Leung Wah
Ms. Wong Mei Ling
Mr. Hu Xiaoming

Pursuant to bye-law no. 87(1) of the Company's bye-laws (the "Bye-laws"), at least one-third of the Directors shall retire from office by rotation and pursuant to bye-law no. 86(2) of the Bye-laws, any Director so appointed by the Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at that meeting. In this connection, Mr. Guo Yong, Mr. Xu Wenbin, Mr. Shi Guang Rong, Mr. Leung Wah, Ms. Wong Mei Ling and Mr. Hu Xiaoming will retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

The Company has received from each of the independent non-executive Directors an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules. Mr. Leung Wah ("Mr. Leung") has served as independent non-executive Directors of the Company for more than nine years. Although Mr. Leung has been on the Board for over nine years, it is well recognised that an individual's independence cannot be determined arbitrarily on the basis of a set period of time. The Nomination Committee and the Board have reviewed the annual written independence confirmation of Mr. Leung, and assessed his independence based on the independence guidelines set out in Rule 5.09 of the GEM Listing Rules and noted that none of the factors set out in Rule 5.09 applies. In assessing the independence of Mr. Leung, the Board and the Nomination Committee have also considered the character and judgement demonstrated by his commitment and contribution during his years of service and other relevant factors. The Board is of the view that despite his length of service, Mr. Leung maintains an independent mindset and provides invaluable expertise, experience, continuity and stability to the Board, and the Company has benefited greatly from his contribution and valuable insights derived from his in-depth knowledge of the Company. The Board considers the independent non-executive Directors remained independent.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Biographies of the Directors and senior management of the Group are set out in pages 15 to 16 of this annual report.

DIRECTORS' INTERESTS IN CONTRACTS

No Directors had a material interest, whether directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during or at the end of the year.

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

As at 31 December 2019, interests and short positions of the Directors in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Cap. 571 of the Laws of Hong Kong (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long Positions in the Ordinary Shares and Underlying Shares of the Company

Interests in the Company

Name of Directors	Personal Interest	Family Interest	Corporate Interest	Total Interest in Ordinary Shares	Total Interest in Underlying Shares – Share options	Aggregate Interests	% of the Company's issued voting shares
Mr. Chen Ping *(Note 1)*	10,356,000	–	–	–	10,356,000	10,356,000	1.00%
Ms. Ma Jian Ying *(Note 2)*	10,356,000	–	–	–	10,356,000	10,356,000	1.00%
Mr. Tsang Chun Kit Terence	10,356,000	–	–	–	10,356,000	10,356,000	1.00%
Mr. Shi Guang Rong	1,032,000	–	–	–	1,032,000	1,032,000	0.10%

Notes:

1. Mr. Chen Ping resigned as the chairman and executive Director of the Board on 16 March 2020.

2. Ms. Ma Jian Ying resigned as the co-chief executive officer and executive Director of the Board on 23 April 2020.

Save as disclosed herein, neither the Directors nor any of their associates had any interests or short positions in shares, underlying shares and debentures of the Company or any of its associated corporations as at 31 December 2019 as defined in Section 352 of the SFO. In addition, at no time during the year 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 year 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

The Company has conditionally adopted the share option scheme ("Share Option Scheme"), which was approved by the shareholders of the Company at the annual general meeting held on 9 May 2012. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

The purpose of Share Option Scheme is to provide incentives or rewards to the Participants for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group.

The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes share not in aggregate exceed 10% of the total number of shares in issue from time to time under the Company obtains a fresh approval from the shareholders pursuant to the conditions set out in the Share Option Scheme. The 10% limit of the Share Option Scheme has been refreshed on 13 May 2015 and 3 May 2016.

The Share Option Scheme shall be valid and effective for a period of ten years from the date of adoption, after which period no further options will be granted or offered.

The subscription price in respect of each Share issued pursuant to the exercise of options granted shall be a price solely determined by the Board and notified to a Participant and shall be at least the highest of:

(a) the closing price of Shares as stated in the Stock Exchange's daily quotation sheet on the date of grant, which must be a business day;

(b) the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheet for the five business days immediately preceding the date of grant; and

(c) the nominal value of a Share on the offer date.

The share options are exercisable at any time during period of not more than ten years from the date of grant, subject to the terms and conditions of the Share Option Scheme, or any conditions stipulated by the Board of Directors. An offer shall be deemed to be granted and to have taken effect when the Offer Letter comprising acceptance of the Option duly signed by the grantee together with a remittance in favour of the Company of HK$1.00 by way of consideration for the grant thereof is received by the Company before or on the Last Acceptance Date.

As at 31 December 2019, the Company has 50,649,500 options outstanding which represented approximately 4.89% 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 year ended 31 December 2019:

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									
Mr. Chen Ping *(Note 1)*	11 January 2018	Vested upon granted	10,356,000	–	–	–	10,356,000	0.370	11 January 2018 – 9 May 2022
Ms. Ma Jian Ying *(Note 2)*	11 January 2018	Vested upon granted	10,356,000	–	–	–	10,356,000	0.370	11 January 2018 – 9 May 2022
Mr. Tsang Chun Kit Terence	11 January 2018	Vested upon granted	10,356,000	–	–	–	10,356,000	0.370	11 January 2018 – 9 May 2022
Mr. Shi Guang Rong	11 January 2018	Vested upon granted	1,032,000	–	–	–	1,032,000	0.370	11 January 2018 – 9 May 2022
Employee	18 January 2016	Vested upon granted	6,129,500	–	–	–	6,129,500	0.488 *(Note 3)*	18 January 2016 – 9 May 2022
Advisers	11 January 2018	Vested upon granted	19,668,000	–	–	(7,248,000)	12,420,000	0.370	11 January 2018 – 9 May 2022
			57,897,500	–	–	(7,248,000)	50,649,500		

Notes:

1. Mr. Chen Ping resigned as the chairman and executive Director of the Board on 16 March 2020.

2. Ms. Ma Jian Ying resigned as the co-chief executive officer and executive Director of the Board on 23 April 2020.

3. Adjustments were made to the exercise price and the number of shares of the Company comprised in the outstanding share options which may be allotted and issued upon exercise as a result of the right issues 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/OR SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2019, the interests or short positions of person in the shares and underlying shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long Positions in the Ordinary Shares and Underlying Shares of the Company

Name of Shareholders	Number of shares Interested	Capacity in which shares are held	Percentage of issued share capital
Mr. Sun Li Jun	129,547,378	Beneficial owner	12.50%
Mr. Zhu Wei Sha	93,475,000	Beneficial owner	9.02%
Yuxing InfoTech Investment Holdings Limited *(Note 1)*	80,880,000	Interest in controlled corporation	7.80%
Yuxing Group (International) Limited *(Note 1)*	80,800,000	Interest in controlled corporation	7.80%
Yuxing Technology Company Limited *(Note 1)*	80,800,000	Beneficial owner	7.80%

Note:

1. 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 turns is wholly owned by Yuxing InfoTech Investment Holdings Limited. By virtue of the provisions of Part XV of the SFO, each of Yuxing Group (International) Limited and Yuxing InfoTech Investment Holdings Limited was deemed to be interested in the shares of the Company in which Yuxing Technology Company Limited was interested.

Save as disclosed above, as at 31 December 2019, the Directors were not aware of any other person (other than the directors and chief executives of the Company) 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.

COMPETITION AND CONFLICT OF INTERESTS

None of the Directors and the substantial shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) has 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.

AUDIT COMMITTEE

The Company established an audit committee with terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of the audit committee include the review and supervision of the financial reporting process, the internal monitoring system and risk management system of the Group. As at the date of this annual report, the audit committee has three members comprising Mr. Leung Wah, Ms. Wong Mei Ling and Mr. Hu Xiaoming, the three independent non-executive Directors. The audit committee met 4 times during the year. The Group's audited financial results for the year have been reviewed by the audit committee, and it was in its opinion that (i) the preparation of such results complied with the applicable standards and statutory requirements and the requirements of the Stock Exchange and that (ii) the internal reporting and monitoring system of the Group had been properly implemented and was adequate to keep the Board informed of the business and the management affairs of the Group. During the year, no material matters were identified and reported by the audit committee to the Board.

PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, there is sufficient public float of not less than 25% of the Company's issued share as required under the GEM Listing Rules.

CORPORATE GOVERNANCE CODE

In the opinion of the Directors, the Group has complied with all code provisions as set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 15 of the GEM Listing Rules throughout the accounting period covered by this annual report. A report on the principal corporate governance practices adopted by the Company is set out in the section headed "Corporate Governance Report" of this annual report.

EVENTS AFTER THE REPORTING PERIOD

Acquisition of High Sharp Electronic Limited ("High Sharp") and Shanghai High Sharp Tech Limited ("Shanghai High Sharp")

The Group expanded its trading business coverage to include the trading of cryptocurrencies mining hardware for Bitcoin through the acquisition of 85.7% equity interest of High Sharp, a company incorporated in Hong Kong with limited liability, at a consideration of HK$600,000 and 90.0% equity interest of Shanghai High Sharp, a company incorporated in the PRC with limited liability, at a consideration of RMB585,000 (equivalent to approximately HK$648,000). High Sharp is principally engaged in the provision of general trading and Shanghai High Sharp is principally engaged in the research and development of ASIC-based chips which are critical components of the cryptocurrencies mining hardware products.

After the acquisition, High Sharp and Shanghai High Sharp become indirect 85.7%-owned and 90.0%-owned subsidiaries of the Group, respectively. The acquisition of High Sharp was completed on 18 March 2020. The acquisition of Shanghai High Sharp has not yet completed at the date of this report.

Financial Assistance from a Substantial Shareholder

On 18 March 2020, High Sharp entered into a loan agreement with Cloud Digit Investment LP, an indirect wholly-owned subsidiary of the Group's substantial shareholder, Yuxing InfoTech Investment Holdings Limited, in the amount of HK$60,000,000 with a term of 18 months. The loan bears an interest at rate of 5.0% per annum and was received on 3 April 2020.

Disposal of Cryptocurrencies

China Glory International Holdings Limited, an indirect wholly-owned subsidiary of the Company has disposed of an aggregate of 13.458 units of Bitcoin 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 Bitcoin and approximately HK$1,770 per Ethereum on 5 March 2020.

Disposal of Non-mainstream Cryptocurrency Trading Business and Acquisition of Cryptocurrencies

On 1 April 2020, the Group entered into a sale and purchase agreement (the "SP Agreement") with an independent third party for the disposal of its entire interests in Even Reward Limited and its subsidiary, Tide Global Exchange Technology Limited (the "Disposal Group") at a consideration of HK$1,400,000 which was settled by transferring 28.35 units Bitcoin to the Group (the "Disposal and Acquisition"). The Disposal Group was principally engaged in operating of non-mainstream cryptocurrency trading business. As at 10:00 a.m. on 1 April 2020, being the date of the SP Agreement, the market value of such Bitcoin amounted to approximately HK$1,406,000. The Disposal and Acquisition was completed on the same date.

Discontinued Operation of Blockchain Technology Related Business

Given the unsatisfactory financial performance of blockchain technology related business, the Directors is of the opinion that it's cost-intensive to continue the operation. The business has contributed to a substantial segment loss since its commencement and no revenue was able to generate from the business since the second quarter of 2019. A further substantial capital contribution might be required in the development cost of the blockchain technology as the industry is still in its initial stage. On 15 May 2020, the board of Directors of the Company approved to discontinue the entire blockchain technology related business including the existing sub-segments of mainstream cryptocurrencies trading and enterprise solution for blockchain technology.

AUDITORS

The Company's auditors, HLB Hodgson Impey Cheng Limited ("HLB"), who retire and, being eligible, offer themselves for reappointment. A resolution for the re-appointment of HLB as the auditors of the Company for the forthcoming year is to be proposed at the forthcoming annual general meeting.

On behalf of the Board
Guo Yong
Chairman and Executive Director

Hong Kong, 28 May 2020

Independent Auditors' Report

國衛會計師事務所有限公司
HODGSON IMPEY CHENG LIMITED

31/F Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

TO THE SHAREHOLDERS OF GLOBAL TOKEN LIMITED
(Continued in Bermuda with limited liability)

QUALIFIED OPINION

We have audited the consolidated financial statements of Global Token Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 54 to 142, which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR QUALIFIED OPINION

As disclosed in Note 6 to the consolidated financial statements, the revenue of the Group includes commission and service income from provision of Blockchain technology related business in relation to cryptocurrencies trading platform of approximately HK$73,000 and HK$6,123,000 for the years ended 31 December 2019 and 2018 respectively. We were unable to obtain sufficient appropriate audit evidence regarding the validity and occurrence of the commission and service income because we were unable to carry out effective confirmation procedures in relation to the above revenue for the purpose of our audit and there was inadequate documentary evidence available for us to satisfy ourselves about the occurrence of the transactions which gave rise to these commission and service income. There was no satisfactory alternative audit procedures that we could perform to satisfy ourselves as to whether the above sales revenue and related elements in the consolidated financial statements were free from material misstatement and whether the activities of the Group from provision of Blockchain technology related business in relation to cryptocurrencies trading platform had given rise to actual or contingent liabilities which have not been recorded or recognised by the Group in the consolidated financial statements. Any adjustments that might have been found necessary may have a significant effect on the Group's net assets at 31 December 2019 and 2018 and its financial performance and cash flows for the years then ended and the related disclosures thereof in the consolidated financial statements.

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Impairment loss on cryptocurrencies	
Refer to Notes 4 and 22 to the consolidated financial statements	
As at 31 December 2019, the Group held the cryptocurrencies with carrying amount of approximately HK$6,336,000. Management has performed impairment assessment in relation to the cryptocurrencies and concluded that there is an impairment loss on the cryptocurrencies amounting to approximately HK$23,480,000 as at 31 December 2019, which was recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2019. The determination of the recoverable amount of the cryptocurrencies held by the Group was based on their fair values, which were estimated based on analysis of available information for the reference prices in the relevant cryptocurrencies markets and required significant management judgement with respect to the marketability and liquidity of the cryptocurrencies held by the Group and involved high degree of estimation uncertainty because the cryptocurrencies held by the Group include those which are relatively non-mainstream cryptocurrencies in the market. An independent external valuation was obtained in respect of impairment assessment on cryptocurrencies in order to support management's estimates.	Our procedures in relation to management's impairment assessment of cryptocurrencies included: • Evaluation of the management's assumptions on the recoverable amount based on fair value of the cryptocurrencies by comparing the trend of historical data and taking into consideration of the latest market conditions; • Evaluation of the independent external valuer's competence, capabilities and objectivity; • Assessing the methodologies used and the appropriateness of the key assumptions and estimates used in the fair value measurement based on our knowledge of the relevant industry and using our experts; • Challenging the reasonableness of the key assumptions used based on our knowledge of the business and industry; and • Checking, on a sample basis, the accuracy and relevance of the market trend and data. We found that the management judgment and estimates used to assess the recoverable amount of cryptocurrencies and determine the impairment provision to be supported by available evidence.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment on goodwill Refer to Notes 4 and 17 to the consolidated financial statements The Group has the goodwill with aggregate amount approximately of HK$1,957,000 in relation to money lending business and securities brokerage business segment. Management performed impairment assessment of money lending business and securities trading business and concluded that there is an impairment loss on goodwill of approximately HK$6,617,000, which was recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2019. This conclusion was based on value-in-use model that required significant management judgment with respect to the discount rate and underlying cash flows, in particular future revenue growth rate and capital expenditure. An independent external valuation was obtained in respect of the impairment assessment on goodwill in order to support management's estimates.	Our procedures in relation to management's impairment assessment of goodwill included: • Evaluation of the independent external valuer's competence, capabilities and objectivity; • Assessing the methodologies used and the appropriateness of key assumptions and estimates based on our knowledge of the relevant industry and using our valuation experts; • Challenging the reasonableness of key assumptions based on our knowledge of the business and industry; and • Checking, on a sample basis, the accuracy and relevance of the input data used. We found that the management judgement and estimates used to assess the recoverability of cash-generating unit and determine the impairment provision to be supported by available evidence.

Key audit matter	How our audit addressed the key audit matter

Impairment of trade receivables

Refer to Notes 4, 19 and 37 to the consolidated financial statements

As at 31 December 2019, the Group had gross trade receivables of approximately HK$85,420,000 and provision for impairment of approximately HK$100,000.

Management performed periodic assessment on the recoverability of the trade receivables and the sufficiency of provision for impairment based on information including credit profile of different customers, ageing of the trade receivables, historical settlement records, subsequent settlement status, expected timing and amount of realisation of outstanding balances, and on-going trading relationships with the relevant customers. Management also considered forward looking information that may impact the customers' ability to repay the outstanding balances in order to estimate the expected credit losses for the impairment assessment.

We focused on this area due to the impairment assessment of trade receivables under the expected credit losses model involved the use of significant management judgements and estimates.

Our procedures in relation to management's impairment assessment of trade receivables as at 31 December 2019 included:

- Understanding and evaluating the key controls that the Group has implemented to manage and monitor its credit risk, and validating the control effectiveness on a sample basis;
- Checking, on a sample basis, the ageing profile of the trade receivables as at 31 December 2019 to the underlying financial records and post year-end settlements to bank receipts;
- Inquiring of management for the status of each of the material trade receivables past due as at year end and corroborating explanations from management with supporting evidence, such as performing public search of credit profile of selected customers, understanding on-going business relationship with the customers based on trade records, checking historical and subsequent settlement records of and other correspondence with the customers; and
- Assessing the appropriateness of the expected credit loss provisioning methodology, examining the key data inputs on a sample basis to assess their accuracy and completeness, and challenging the assumptions, including both historical and forward-looking information, used to determine the expected credit losses.

We found that the management judgment and estimates used to assess the recoverability of the trade receivables and determine the impairment provision to be supportable by available evidence.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditors' report thereon ("Other Information").

Our opinion on the consolidated financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact.

As described in the Basis for Qualified Opinion section above, we were unable to obtain sufficient appropriate evidence about (i) the validity and occurrence of the commission and service income to satisfy ourselves as to whether these sales revenue and related elements in the consolidated financial statements were free from material misstatement and (ii) whether the activities of the Group from provision of Blockchain solution services in relation to cryptocurrencies trading platform had given rise to actual or contingent liabilities which have not been recorded or recognised by the Group in the consolidated financial statements. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

Responsibilities of directors and the audit committee for the consolidated financial statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee are responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Auditors' responsibilities for the audit of the consolidated financial statements *(Continued)*

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Auditors' responsibilities for the audit of the consolidated financial statements *(Continued)*

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement director on the audit resulting in this independent auditors' report is Shek Lui.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Shek Lui
Practising Certificate Number: P05895

Hong Kong, 28 May 2020

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2019

	Notes	2019 HK$'000	2018 HK$'000
Continuing operations			
Revenue	6	169,084	177,448
Cost of sales		(159,209)	(156,349)
Gross profit		9,875	21,099
Other revenue	6	57	9
Other gains and losses	7	(63)	(56)
Impairment loss on cryptocurrencies		(23,480)	(54,545)
Impairment loss on goodwill	17	(6,617)	(2,365)
Net (allowance for)/reversal of allowance for expected credit losses on financial assets at amortised cost		(5,580)	243
Loss on disposal of a subsidiary	34	–	(19,487)
Selling and distribution expenses		(291)	(1,193)
Administrative and other operating expenses		(49,612)	(77,720)
Loss from operations		(75,711)	(134,015)
Finance costs	8	(113)	–
Loss before taxation	9	(75,824)	(134,015)
Taxation	10	–	(92)
Loss for the year from continuing operations		(75,824)	(134,107)
Discontinued operation			
Loss for the year from discontinued operation, net of income tax	11	(10,957)	(20,510)
Loss for the year		(86,781)	(154,617)
Other comprehensive (loss)/income for the year, net of income tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(1,694)	(8,004)
Reclassification adjustments relating to foreign operations disposed of during the year		–	172
Other comprehensive loss for the year, net of income tax		(1,694)	(7,832)
Total comprehensive loss for the year		(88,475)	(162,449)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2019

	Notes	2019 HK$'000	2018 HK$'000
Loss for the year attributable to owners of the Company			
– from continuing operations		**(72,574)**	(128,728)
– from discontinued operation		**(5,588)**	(10,460)
		(78,162)	(139,188)
Loss for the year attributable to non-controlling interests			
– from continuing operations		**(3,250)**	(5,379)
– from discontinued operation		**(5,369)**	(10,050)
		(8,619)	(15,429)
Loss for the year		**(86,781)**	(154,617)
Total comprehensive loss for the year attributable to			
Owners of the Company		**(80,371)**	(143,746)
Non-controlling interests		**(8,104)**	(18,703)
		(88,475)	(162,449)
Loss per share attributable to owners of the Company for the year			
For continuing and discontinued operations			
– Basic and diluted (HK cents)	12	**(7.54)**	(13.43)
For continuing operations			
– Basic and diluted (HK cents)	12	**(7.00)**	(12.42)

Consolidated Statement of Financial Position

As at 31 December 2019

	Notes	2019 HK$'000	2018 HK$'000
Assets and liabilities			
Non-current assets			
Property, plant and equipment	14	**5,002**	21,397
Right-of-use assets	15	**8,937**	–
Goodwill	17	**1,957**	8,574
Other assets	18	**400**	400
Cryptocurrencies	22	**6,336**	32,858
		22,632	63,229
Current assets			
Trade receivables	19	**85,320**	83,344
Other receivables, deposits and prepayments	20	**1,108**	9,973
Loan receivable	21	**4,768**	11,937
Amount due from a related company	23	**–**	5,640
Client trust bank balances	24	**1,808**	2,160
Cash and cash equivalents	24	**19,045**	48,982
		112,049	162,036
Assets classified as held-for-sale	11	**13,363**	–
		125,412	162,036
Current liabilities			
Trade payables	25	**4,408**	10,377
Accruals, deposits received and other payables	26	**7,390**	8,841
Lease liabilities	27	**3,036**	–
Amounts due to related parties	28	**1,200**	296
Tax payable		**92**	92
		16,126	19,606
Liabilities associate with disposal group classified as held-for-sale	11	**8,963**	–
		25,089	19,606
Net current assets		**100,323**	142,430
Total assets less current liabilities		**122,955**	205,659
Non-current liabilities			
Lease liabilities	27	**5,917**	–
Net assets		**117,038**	205,659
Equity			
Share capital	29	**41,455**	41,455
Reserves		**110,331**	190,848
Total equity attributable to owners of the Company		**151,786**	232,303
Non-controlling interests		**(34,748)**	(26,644)
Total equity		**117,038**	205,659

The consolidated financial statements were approved and authorised for issue by the board of directors on 28 May 2020 and signed on its behalf by:

Guo Yong
Director

Tsang Chun Kit Terence
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2019

	Attributable to owners of the Company										
	Share capital HK$'000	Capital reserve *(note (i))* HK$'000	Share premium HK$'000	Special reserve *(note (ii))* HK$'000	Statutory reserve *(note (iii))* HK$'000	Share-based payment reserve *(note (iv))* HK$'000	Exchange reserve HK$'000	Accumulated losses HK$'000	Subtotal HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 31 December 2017	41,455	1,030*	634,138*	11*	324*	4,048*	(8,562)*	(306,945)*	365,499	(7,941)	357,558
Impact on initial application of HKFRS 9	–	–	–	–	–	–	–	(1,537)	(1,537)	–	(1,537)
Restated balance at 1 January 2018	41,455	1,030	634,138	11	324	4,048	(8,562)	(308,482)	363,962	(7,941)	356,021
Issue of share options	–	–	–	–	–	12,087	–	–	12,087	–	12,087
Lapse of share options	–	–	–	–	–	(2,709)	–	2,709	–	–	–
Transaction with owners	–	–	–	–	–	9,378	–	2,709	12,087	–	12,087
Net loss for the year	–	–	–	–	–	–	–	(139,188)	(139,188)	(15,429)	(154,617)
Other comprehensive loss net of income tax:											
Exchange differences on											
Translating foreign operations	–	–	–	–	–	–	(4,558)	–	(4,558)	(3,274)	(7,832)
Total comprehensive loss for the year	–	–	–	–	–	–	(4,558)	(139,188)	(143,746)	(18,703)	(162,449)
At 31 December 2018 and 1 January 2019	41,455	1,030*	634,138*	11*	324*	13,426*	(13,120)*	(444,961)*	232,303	(26,644)	205,659
Impact on initial application of HKFRS 16	–	–	–	–	–	–	–	(146)	(146)	–	(146)
At 1 January 2019, as restated	41,455	1,030	634,138	11	324	13,426	(13,120)	(445,107)	232,157	(26,644)	205,513
Lapse of share options	–	–	–	–	–	(1,596)	–	1,596	–	–	–
Transaction with owners	–	–	–	–	–	(1,596)	–	1,596	–	–	–
Net loss for the year	–	–	–	–	–	–	–	(78,162)	(78,162)	(8,619)	(86,781)
Other comprehensive (loss)/income net of income tax:											
Exchange differences on											
Translating foreign operations	–	–	–	–	–	–	(2,209)	–	(2,209)	515	(1,694)
Total comprehensive (loss)/income for the year	–	–	–	–	–	–	(2,209)	(78,162)	(80,371)	(8,104)	(88,475)
At 31 December 2019	41,455	1,030*	634,138*	11*	324*	11,830*	(15,329)*	(521,673)*	151,786	(34,748)	117,038

* The aggregated amount of these balances of approximately HK$110,331,000 (2018: approximately HK$190,848,000) in surplus is included as reserves in the consolidated statement of financial position.

Notes:

(i) The capital reserve of the Group represents a capital contribution by a shareholder company during the year ended 31 December 2007.

(ii) The special reserve of the Group represents the difference between the nominal amount of the shares issued by the Company and the amount of the share capital of a subsidiary acquired pursuant to a group reorganisation in 2002.

(iii) Subsidiary of the Company establish in the PRC shall appropriate 10% of its annual statutory net profit (after offsetting any prior year losses) to the statutory reserve fund account in accordance with the PRC Company law. When the balance of such reserve fund reaches 50% of the entity's share capital, any further appropriation is optional. The statutory reserve fund can be utilised to offset prior year's losses or to increase capital after proper approval.

(iv) Share-based payment reserve represents the fair value of services estimated to be received in exchange for the grant of the relevant share options over the relevant vesting periods, the total of which is based on the fair value of the share options at grant date. The amount for each period is determined by spreading the fair value of the share options over the relevant vesting period (if any) and is recognised in other operating expenses with a corresponding increase in the share-based payment reserve.

Consolidated Statement of Cash Flows

For the year ended 31 December 2019

	Notes	2019 HK$'000	2018 HK$'000
Cash flows from operating activities			
Loss before taxation			
– from continuing operations		(75,824)	(134,015)
– from discontinued operation		(10,957)	(20,510)
		(86,781)	(154,525)
Adjustments for:			
Commission and service income from trading platform business		(73)	(6,123)
Interest income		(4)	(53)
Loan interest income		(1,500)	(3,136)
Finance costs	8,11	147	–
Gain on leases termination	7	(38)	–
Depreciation of property and equipment	14	8,516	12,189
Depreciation of right-of-use assets	15	3,978	–
Loss on disposal of cryptocurrencies	7	69	65
Impairment loss on cryptocurrencies	9	23,480	54,545
Equity-settled share-based payment		–	12,087
(Gain)/loss on disposal of property, plant and equipment	9,11	(291)	636
Impairment loss on property, plant and equipment	14	–	4,002
Impairment loss on goodwill	17	6,617	2,365
Allowance for expected credit loss on financial asset at amortised cost	9,11	8,789	4,652
Reversal of allowance for expected credit losses on financial assets at amortised cost	9,11	(960)	(1,247)
Loss on disposal of subsidiaries	34	–	22,791
Operating loss before working capital changes		(38,051)	(51,752)
Increase in trade receivables		(3,061)	(3,344)
Decrease in other receivables, deposits and prepayments		1,696	471
Decrease in loan receivable		–	29,000
Decrease/(increase) in client trust bank balances		352	(235)
Decrease/(increase) in amount due from a related company		6,002	(548)
Decrease in trade payables		(1,278)	(2,337)
Increase in accruals, deposits received and other payables		2,096	872
Increase/(decrease) in amounts due to related parties		1,200	(1,214)
Cash used in operating activities		(31,044)	(29,087)
Loan interest income received		2,250	2,539
Net cash used in operating activities		(28,794)	(26,548)

Consolidated Statement of Cash Flows

For the year ended 31 December 2019

	Notes	2019 HK$'000	2018 HK$'000
Cash flows from investing activities			
Interest received		4	5
Net cash outflow from disposal of subsidiaries	34	–	(52)
Purchase of property, plant and equipment	14	(2,658)	(2,354)
Proceeds from disposals of property, plant and equipment		2,096	546
Proceeds from disposals of cryptocurrencies		3,674	1,030
Purchase of cryptocurrencies		(628)	(27,743)
Deposit for disposal group classified as held-for-sale	11	626	–
Net cash generated from/(used in) investing activities		3,114	(28,568)
Cash flows from financing activity			
Repayment of lease liabilities		(4,218)	–
Net cash used in financing activity		(4,218)	–
Net decrease in cash and cash equivalents		(29,898)	(55,116)
Cash and cash equivalents at beginning of the year		48,982	104,902
Effect of foreign exchange rate changes		(23)	(804)
Cash and cash equivalents at end of the year		19,061	48,982
Represent by:			
Cash and cash equivalents		19,045	48,982
Cash and cash equivalents included in disposal group classified as held-for-sale		16	–
		19,061	48,982

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

1. GENERAL INFORMATION

Global Token Limited 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 HM11, 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 are listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The directors of the Company (the "Directors") consider that the ultimate controlling party of the Company is Mr. Sun Li Jun.

The Company acts as an investment holding company. The principal activities of its subsidiaries are set out in Note 31.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

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 for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

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 it 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%.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

HKFRS 16 Leases *(Continued)*

As a lessee *(Continued)*

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 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 accumulated losses and comparative information has not been restated.

	1 January 2019 HK$'000
Accumulated losses as at 31 December 2018	444,961
Adjustments under HKFRS 16	146
Accumulated losses as at 1 January 2019 (Restated)	445,107

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

HKFRS 16 Leases *(Continued)*

As a lessee *(Continued)*

Lessee accounting and transitional impact *(Continued)*

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

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

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

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

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

HKFRS 16 Leases *(Continued)*

As a lessee *(Continued)*

Lessee accounting and transitional impact (Continued)

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 statement of consolidated financial position at 1 January 2019.

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.

Consolidated statement of financial position (extract)	**At 31 December 2018** HK$'000	**HKFRS 16** HK$'000	**At 1 January 2019** HK$'000
Non-current assets			
Right-of-use assets *(Note 1)*	–	5,245	5,245
Current liabilities			
Lease liabilities	–	(1,100)	(1,100)
Non-current liabilities			
Lease liabilities	–	(4,291)	(4,291)
Equity			
Reserves	190,848	(146)	190,702

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.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

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

1 Effective for annual periods beginning on or after 1 January 2020.

2 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.

3 Effective for annual periods beginning on or after 1 January 2021.

4 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. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRSs, which is a collective term that includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("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 Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") and the Hong Kong Companies Ordinance.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as explained in the accounting policies below.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value-in-use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company and its subsidiaries. Control is achieved where the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 Income Taxes and HKAS 19 Employee Benefits respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquire or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 Share-based Payment at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquire and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the noncontrolling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations *(Continued)*

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit.

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit, the amount of goodwill disposed of is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Non-current assets held-for-sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the group is committed to a sale plan involving loss of control of a subsidiary, all the assets and liabilities of that subsidiary are classified as held for sale when the above criteria for classification as held for sale are met, regardless of whether the group will retain a non-controlling interest in the relevant subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell which continue to be measured in accordance with the accounting policies as set out in respective sections.

Discontinued operations

A discontinued operation is a component of the group’s business, the operations and cash flows of which can be clearly distinguished from the rest of the group and which represents a separate major line of business or geographical area of operations, or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale (see (i) above), if earlier. It also occurs if the operation is abandoned.

Where an operation is classified as discontinued, a single amount is presented on the consolidated statement of profit or loss, which comprises:

- the post-tax profit or loss of the discontinued operation; and
- the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to a contract are accounted for an presented on a net basis.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue from contracts with customers *(Continued)*

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

The Group recognsied revenue from the following major sources:

(i) Revenue from the sales of electronic products in the Group's revenue happen at a point in time and do not include any significant separate performance obligations;

(ii) Services income will be recognised over time rather than at a point in time. The services are performed over short periods and therefore do not result in any significant change in the timing of revenue recognition;

(iii) Brokerage and commission income from securities dealing will be recognised at a point in time on the trade date basis when the relevant transaction is completed and do not include any significant separate performance obligations;

(iv) Net realised gains from over-the-counter ("OTC") cryptocurrencies trading is recognised on a trade day basis;

(v) Commission income and services income from operation of cryptocurrencies trading platform is recognised on the transaction dates when the transactions are executed and completed and the Group receives cryptocurrencies as non-cash consideration for these services. Revenue is measured at the fair value of the non-cash consideration received if the fair value of the non-cash consideration can be reasonable estimated or by reference to the stand-alone selling price of the services rendered if the fair value of the non-cash consideration cannot be reasonably estimated;

(vi) Rental income will be recognised over time according to the utilization rate to charge the rental income to customer; and

(vii) Interest income is recognised as it accrues using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted of the original effective, interest rate of the instrument and continues unwinding the discount as interest income.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Cryptocurrencies

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 is engaged into cryptocurrencies trading and operation of cryptocurrencies trading platform ("Blockchain technology related business"). The Group measures cryptocurrencies held by the Group at its cost less impairment, with an impairment assessment being carried out as at the end of each financial reporting period to determine whether the recoverable amounts of the cryptocurrencies are higher than their previous carrying amounts. An impairment loss is recognised in profit or loss in the reporting period when the recoverable amount is assessed to be below the carrying amount.

The recoverable amounts of the cryptocurrencies are determined as the higher of their fair values less costs of disposal and value in use. Fair values are estimated using the assumptions that market participants would use hen pricing the cryptocurrencies, assuming that market participants act in their economic best interest.

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 cease.

Refer to Note 4 "Cryptocurrencies" for further discussion of the Group's accounting policy in respect of cryptocurrencies valuation and the judgement made in determining the carrying amount.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets over their estimated useful lives, using the straight-line method, at the rate of 10% to 20% per annum. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment on property, plant and equipment and right-of-use assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In addition, the Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, corporate assets are also allocated to individual cash-generating units, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases (upon adoption of HKFRS 16 in accordance with transition in Note 2)

Definition of a lease

Lease is a contract contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in note 2)

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, including contract for acquisition of ownership interests of a property which includes both leasehold land and non-lease building components, unless such allocation cannot be made reliably.

The Group also applies practical expedient not to separate non-lease components from lease component, an instead account for the lease component and any associated non-lease components as a single lease component.

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentive received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases (upon adoption of HKFRS 16 in accordance with transition in Note 2) *(Continued)*

Refundable rental deposits

Refundable rental deposits paid are accounted under HKAS 39/HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liabilities at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures the lease liabilities (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liability as a separate line item in the consolidated statement of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases (upon adoption of HKFRS 16 in accordance with transition in Note 2) *(Continued)*

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liabilities based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group as a lessee (prior to adoption of HKFRS 16 on 1 January 2019)

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's policy on borrowing costs (see the accounting policy below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest and dividend income which are derived from the financial assets and shareholders' rights are presented as other revenue and other income.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- The financial asset is held within a business model whose objective is to collect contractual cash flows; and
- The contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in OCI if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Classification and subsequent measurement of financial assets *(Continued)*

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade receivables, deposit paid, other receivables, loan receivables, amount due from a related company, Client trust bank balances and cash and cash equivalents). The amount of ECL is updated at each reporting period to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12m ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting period. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting period as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables and loan receivables. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting period with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full.

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Measurement and recognition of ECL (Continued)

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables and loan receivables are each assessed as a separate group. Loans to related parties are assessed for expected credit losses on an individual basis);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities at amortised cost

Financial liabilities (including trade payables, deposits received, accruals and other payables (excluding receipt in advance), lease liabilities and amounts due to related parties) are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit/loss before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 *Income Taxes* requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks and short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above.

Client trust bank balances

The Group has classified the clients' monies as client trust bank balances under the current assets section of the consolidated statement of financial position and recognised a corresponding accounts payable to respective clients on grounds that is liable for any loss or misappropriation of clients' monies.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Related parties transactions

A party is considered to be related to the Group if:

a) A person or a close member of that person's family is related to the Group of that person:

   (i) has control or joint control over the Group;

   (ii) has significant influence over the Group; or

   (iii) is a member of the key management personnel of the Group or of a parent of the Group.

b) An entity is related to the Group if any of the following conditions applies:

   (i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiaries is related to the others);

   (ii) one entity is an associate or joint venture of the other entity for an associate or joint venture of a member of a group which the other entity is a member);

   (iii) Both entities are joint ventures of the same third party;

   (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

   (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

   (vi) the entity is controlled or jointly controlled by a person identified in (a);

   (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity);

   (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influence by, that person in their dealings with the entity and include:

(a) that person's children and spouse or domestic partner;

(b) children of that person's spouse or domestic partner; and

(c) dependants of the person or that person's spouse or domestic partner.

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between the Group and a related party, regardless of whether a price is charged.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Retirement benefit costs and short-term employee benefits

Retirement benefits

Retirement benefits to employees are provided through defined contribution plans.

The Group contributes to a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees who are eligible to participate in the MPF scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operates in the People's Republic of China (the "PRC") are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Contributions are recognised as an expense in profit or loss as employees render services during the year. The Group's obligations under these plans is limited to the fixed percentage contributions payable.

Short-term employee benefits

Employee entitlements to annual leaves are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

Share-based Payment

Share Options Granted to Employees

For grant of share options that are conditional upon satisfying specified vesting conditions, the fair value of services received is determined by reference to the fair value of share options granted at the grant date and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share-based payment reserve).

At the end of the reporting period, the Group revises its estimates of number of options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss with a corresponding adjustment to share-based payment reserve.

For share options that are vested immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When the share options are exercised, the amount previously recognised in share-based payment reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payment reserve will be transferred to retained earnings.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Borrowing costs

Borrowing costs incurred for the acquisition, construction or production of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed when incurred.

Borrowing costs are capitalised as part of the cost of a qualifying asset when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are being undertaken. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are completed.

Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major operations.

Individually material operating segments are not aggregate for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of goods and services, the type of class of customers, the methods used to distribute the goods or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

4. ACCOUNTING ESTIMATES AND JUDGMENTS

In the application of the Group's accounting policies which are described in Note 3 to the consolidated financial statements, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgment, apart from those involving estimations that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Cryptocurrencies

During the year ended 31 December 2019, the Group engaged in the blockchain technology related business. The Group's activities in this business include trading cryptocurrencies through over-the-counter ("OTC") market and operation of the cryptocurrencies trading platform for earning of commission and service income, as a result, the Group received and held cryptocurrencies and also traded in them. In the process of developing and applying an accounting policy for cryptocurrencies, management of the Group noted that there is no Hong Kong Financial Reporting Standard that specifically applies to the accounting treatment for cryptocurrencies held by the Group. Management has considered the guidance in HKAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" ("HKAS 8") concerning how the Group should develop its accounting policy under such circumstances. In accordance with HKAS 8, reference was made to the most recent pronouncements of other standard-setting bodies that use a similar conceptual framework to develop accounting standards, other accounting literature and accepted industry practice to the extent that these do not conflict with the requirements of the HKFRSs. Based on literature issued by staff of the International Accounting Standards Board and with reference to Hong Kong Accounting Standard 38 "Intangible Assets", which defines an intangible asset as an identifiable non-monetary asset without physical substance, management considered that the cryptocurrencies satisfy the elements of the definition of an intangible asset and therefore determined that cryptocurrencies should be accounted for in the same manner as intangible assets are accounted for under HKAS 38.

Accordingly, subsequent to initial recognition, cryptocurrencies are carried at cost less impairment, reflecting the fact that the Group's cryptocurrencies are assets which are resources controlled by the Group and from which future economic benefits from selling the cryptocurrencies in the OTC markets are expected to flow to the Group. The cryptocurrencies are derecognised when the Group disposes them through its trading activities or when the Group otherwise loses control over them, and, therefore, access to the economic benefits associated with ownership of the cryptocurrencies cease.

For the year ended 31 December 2019, the Group recognised an impairment loss of approximately HK$23,480,000 (2018: approximately HK$54,545,000) on cryptocurrencies.

4. ACCOUNTING ESTIMATES AND JUDGMENTS *(Continued)*

Revenue from blockchain technology related business

The Group generates revenue by providing computer processing activities for cryptocurrencies transaction processing services on the public ledger system known as the cryptocurrencies blockchain. Currently, the Group has two main types of revenue from the blockchain technology related business, comprising (i) Revenue from cryptocurrencies trading, and (ii) Commission and service income generated from operation of cryptocurrencies trading platform. The Group receives non-cash consideration for providing such cryptocurrencies trading platform activities in the form of cryptocurrencies. The Group has determined that the substance of its cryptocurrency activities is service provision under the scope of HKFRS 15 "Revenue" notwithstanding that there is no explicit contractual documentation under which it provides such services as the services are provided through open source software, being the cryptocurrencies protocol. Furthermore, the nature of the cryptocurrencies protocol is such that the Group is unable to determine in advance the consideration that it will receive, if any, for the cryptocurrencies trading platform services that it provides and, therefore, the Group is unable to estimate reliably the outcome of its commission income and services income from the trading platform activities in advance of actual receipt of the noncash consideration in the form of cryptocurrencies. Because of the uncertainty over both the timing and amount of the non-cash consideration that the Group will receive for undertaking the cryptocurrencies activities, management has determined that revenue should only be recognised on actual receipt of the cryptocurrencies as non-cash consideration for services provided.

Cryptocurrencies received as non-cash consideration for cryptocurrencies trading platform activities are, therefore, recognised as revenue at by reference to their fair values from the platform on the date of receipt by the Group in a private cryptocurrencies wallet controlled by the Group. The fair value of the cryptocurrencies received is determined in accordance with the Group's accounting policy by reference to the last known price quoted in the relevant OTC market, see Note 4 "cryptocurrencies" above. cryptocurrencies received by the Group as non-cash consideration are recognised immediately as "cryptocurrencies" in the consolidated statement of financial position of the Group.

Provision of ECL for financial assets at amortised cost

The loss allowances for financial assets at amortised cost are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period.

Details of the key assumptions and inputs used are disclosed in Note 37(iii). As at 31 December 2019, the carrying amount of trade receivables, deposits and other receivables, loan receivable and amount due from a related company are approximately HK$85,320,000, HK$1,108,000, HK$4,768,000 and HK$Nil respectively (2018: approximately HK$83,344,000, HK$9,973,000, HK$11,937,000 and HK$5,640,000 respectively) (net of allowance of expected credit loss of approximately HK$100,000, HK$66,000, HK$6,453,000 and HK$Nil respectively (2018: approximately HK$561,000, HK$6,074,000, HK$34,000 and HK$362,000 respectively).

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade and other receivables, loan receivable and amount due from a related party are disclosed in Notes 37(iii), 19, 20, 21 and 23.

4. ACCOUNTING ESTIMATES AND JUDGMENTS *(Continued)*

Depreciation

Property, plant and equipment and right-of-use assets are depreciated on a straight-line basis over their estimated useful lives. The Group annually reviews the useful life of an asset and its residual value, if any. The useful life is based on the Group's historical experience with similar assets and taking into account anticipated technology changes. The depreciation expenses for future periods are adjusted if there are significant changes from previous estimates.

Impairment losses for property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are assessed at the end of each reporting period to identify indications that they may be impaired. If any such indication exists, the recoverable amount of the property, plant and equipment and right-of-use assets is estimated. The recoverable amount of the property, plant and equipment and right-of-use assets are based on value-in-use calculations. These calculations are determined based on cash flow projections with reasonable assumptions that represent management's best estimate of the range of economic conditions over the remaining useful life of the assets. Changes in facts and circumstances may result in revisions to whether an indication of impairment exists and revised estimates of recoverable amounts, which would affect profit or loss in future years.

Income taxes

The Group is subject to income taxes in various jurisdictions. There are certain transactions and calculations for which the ultimate tax determination may be uncertain. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating units to which goodwill has been allocated. The value-in-use calculation requires the Group estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate the present value. Details of the impairment testing on goodwill are provided in Note 17 to the consolidated financial statements.

Determining the lease term

As explained in Note 2, the lease liability is initially recognised at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying assets to the Group's operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years.

5. SEGMENT INFORMATION

Information reported to executive Directors and chief executive officer of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The Group's reportable segments under HKFRS 8 are as follows:

Continuing operations

– Trading business

– Operation 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 11.

Segment revenue and results

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

Continuing operations

For the year ended 31 December 2019

	Trading business HK$'000	Operation of the CETP HK$'000	Money lending business HK$'000	Securities trading business HK$'000	Blockchain technology related business HK$'000	Total HK$'000
Segment revenue	165,555	–	1,500	1,814	215	169,084
Segment results	4,293	–	(6,026)	(8,477)	(18,967)	(29,177)
Other revenue						57
Exchange loss, net						(5)
Loss on disposal of cryptocurrencies					(69)	(69)
Impairment loss on cryptocurrencies					(23,480)	(23,480)
Finance cost						(113)
Central administrative costs						(23,037)
Loss before taxation from continuing operations						(75,824)

5. SEGMENT INFORMATION *(Continued)*

Segment revenue and results *(Continued)*

Continuing operations *(Continued)*

For the year ended 31 December 2018

	Trading business HK$'000	Operation of the CETP HK$'000	Money lending business HK$'000	Securities trading business HK$'000	Blockchain technology related business HK$'000	Total HK$'000
Segment revenue	163,951	–	3,136	2,896	7,465	177,448
Segment results	2,577	(1,300)	2,409	(4,277)	(22,027)	(22,618)
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 of a subsidiary						(19,487)
Central administrative costs						(37,318)
Loss before taxation from continuing operations						(134,015)

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 polices described in Note 3 to the consolidated financial statements. Segment results represent the profit or loss recorded by each segment without allocation of other revenue, exchange gain/loss, net (included in other gains and losses), loss on disposal of cryptocurrencies, impairment loss on cryptocurrencies, loss on disposal of a subsidiary, finance cost and central administrative costs including directors' remuneration. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and assessment of segment performance.

5. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

Continuing operations

For the year ended 31 December 2019

	Trading business HK$'000	Operation of the CETP HK$'000	Money lending business HK$'000	Securities trading business HK$'000	Blockchain technology related business HK$'000	Total HK$'000
Segment assets	85,052	–	5,870	19,294	13,319	123,535
Add: assets relating to discontinued operation						13,363
Unallocated assets						11,146
Total assets						148,044
Segment liabilities	715	–	232	4,543	6,341	11,831
Add: liabilities relating to discontinued operation						8,963
Unallocated liabilities						10,212
Total liabilities						31,006

For the year ended 31 December 2018

	Trading business HK$'000	Operation of the CETP HK$'000	Money lending business HK$'000	Securities trading business HK$'000	Blockchain technology related business HK$'000	Total HK$'000
Segment 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						225,265
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						19,606

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, certain other receivables, deposits and prepayments, certain cash and cash equivalents 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, certain accruals and other payables and liabilities held by the Company and its subsidiaries which the roles are investment holding companies.

5. SEGMENT INFORMATION *(Continued)*

Other segment information

Continuing operations

For the year ended 31 December 2019

	Trading business HK$'000	Operation of the CETP HK$'000	Money lending business HK$'000	Securities trading business HK$'000	Blockchain technology related business HK$'000	Unallocated HK$'000	Total HK$'000
Capital expenditure	–	–	–	–	2,658	–	2,658
Depreciation of property, plant and equipment	1,182	–	113	61	819	155	2,330
Depreciation of right-of-use assets	94	–	155	–	–	3,276	3,525
Impairment loss on goodwill	–	–	–	6,617	–	–	6,617
Impairment loss on cryptocurrencies	–	–	–	–	23,480	–	23,480
Loss on disposal of cryptocurrencies	–	–	–	–	69	–	69
Allowance for expected for credit losses on financial assets at at amortised cost	32	–	6,421	–	66	2	6,521
Reversal of allowances for expected credit losses on financial assets at at amortised cost	(531)	–	(5)	(17)	(388)	–	(941)

For the year ended 31 December 2018

	Trading business HK$'000	Operation of the CETP HK$'000	Money lending business HK$'000	Securities trading business HK$'000	Blockchain technology related business HK$'000	Unallocated HK$'000	Total HK$'000
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 lose on financial assets at amortised cost	553	–	32	21	371	25	1,002
Reversal of allowance for expected credit loss 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 6 to the consolidated financial statements.

5. SEGMENT INFORMATION *(Continued)*

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	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000
Geographical market				
PRC	**165,555**	163,951	**993**	18,725
Hong Kong	**3,529**	13,497	**21,639**	44,504
Total	**169,084**	177,448	**22,632**	63,229

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% (2018: approximately HK$134,578,000 or 75.8%) 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 for the corresponding years contributing over 10% or more of the Group's revenue, are as follows:

	2019	2018
	HK$'000	HK$'000
Customer A[1]	**63,372**	70,333
Customer B[1]	**64,823**	24,876
Customer C[1]	**–***	39,369
Customer D[1]	**24,394**	–*

1 Revenue generated from the trading business segment.

* Revenue generated from the customer did not generated 10% or more of the Group's revenue in the corresponding year.

6. 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 HK$'000	2018 HK$'000
Continuing operations		
Timing of revenue recognition		
Revenue recognised at a point in time		
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	73	6,123
– Blockchain solution service income	–	210
– Realised gains from OTC trading, net	142	1,132
Revenue from contracts with customers	167,584	174,312
Revenue from other source		
Interest income from money lending business	1,500	3,136
	169,084	177,448

	2019 HK$'000	2018 HK$'000
Other revenue		
Bank interest income	4	3
Sundry income	53	6
	57	9

7. OTHER GAINS AND LOSSES

	2019 HK$'000	2018 HK$'000
Continuing operations		
Loss on disposal of cryptocurrencies	(69)	(65)
Gain on leases termination	11	–
Exchange (loss)/gain, net	(5)	9
	(63)	(56)

8. FINANCE COSTS

	2019 HK$'000	2018 HK$'000
Continuing operations		
Interest on lease liabilities	113	–

9. LOSS BEFORE TAXATION

	2019 HK$'000	2018 HK$'000
Continuing operations		
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	2,330	3,774
– Right-of-use assets	3,525	–
Cost of inventories recognised as an expense	159,209	156,349
Operating lease rentals in respect of rented premises	–	4,664
Expenses relating to short-term leases	189	–
Loss on disposal of property, plant and equipment	49	514
Impairment loss on goodwill	6,617	2,365
Loss on disposal of cryptocurrencies	69	65
Impairment loss on cryptocurrencies	23,480	54,545
Allowance for expected credit losses on financial assets at amortised cost	6,521	1,002
Reversal of allowance for expected credit losses on financial asset at amortised cost	(941)	(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) *(Note 13)*		
– Salaries, allowances and benefits in kind	23,142	28,143
– Contributions to retirement benefits scheme	1,843	1,889

10. TAXATION

	2019 HK$'000	2018 HK$'000
Continuing operations		
Current tax:		
Hong Kong profits tax	–	92

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

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (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 million of assessable profits of qualifying corporations will be taxed at 8.25%, and assessable profits above HK$2 million 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 years ended 31 December 2019 and 2018.

No provision of Hong Kong profits tax has been made as the Group had no assessable profits for the year ended 31 December 2019.

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.

A reconciliation of the tax expenses applicable to loss before taxation at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the statutory tax rates to the effective tax rates, are as follows:

	2019 HK$'000	2018 HK$'000 (restated)
Loss before taxation from continuing operations	(75,824)	(134,015)
Tax calculated at the rates applicable to loss in the tax jurisdiction concerned	(12,042)	(22,046)
Tax effect of non-deductible expenses	10,072	15,389
Tax effect of non-taxable income	(2)	(10,030)
Tax effect of estimated tax losses not recognised	2,589	17,714
Tax effect of utilisation of tax losses previously not recognised	(617)	(428)
Tax effect for temporary differences	–	(487)
Tax concession	–	(20)
Income tax for the year	–	92

As at 31 December 2019, the Group has estimated tax losses of approximately HK$79,700,000 (2018: approximately HK$66,461,000) available to offset the against future taxable profits. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit to utilise the balances.

11. 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 深圳市順天運環保科技有限公司 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$626,000) 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 completed on 23 April 2020.

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 (see below). 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 energy-saving air-conditioners business is set out below. The comparative figures in the consolidated statement of profit or loss and other comprehensive income have been restated to re-present the rental of energy-saving air-conditioners business as a discontinued operation:

	2019 **HK$'000**	2018 HK$'000
Revenue	**1,606**	3,379
Cost of sales	**(6,147)**	(8,415)
Gross loss	**(4,541)**	(5,036)
Other revenue	**–**	129
Other gains and losses	**27**	–
Net allowance of expected credit losses on trade and other receivables	**(2,249)**	(3,648)
Loss on disposal of a subsidiary *(Note 34(ii))*	**–**	(3,304)
Gain/(loss) on disposal of property, plant and equipment	**340**	(122)
Impairment loss on property, plant and equipment	**–**	(4,002)
Selling and distribution expenses	**(2,044)**	(1,254)
Administrative expenses	**(2,456)**	(3,273)
Loss from operation	**(10,923)**	(20,510)
Finance cost	**(34)**	–
Loss before tax	**(10,957)**	(20,510)
Income tax expense	**–**	–
Loss for the year	**(10,957)**	(20,510)
Loss for the year attributable to:		
– Owners of the Company	**(5,588)**	(10,460)
– Non-controlling interest	**(5,369)**	(10,050)
	(10,957)	(20,510)

11. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE *(Continued)*

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

	2019 HK$'000
Property, plant and equipment	8,515
Prepayment, deposit paid and other receivables	4,832
Cash and cash equivalents	16
Total assets classified as held-for-sale	13,363

	2019 HK$'000
Trade payables	4,603
Accruals, deposit received and other payables	4,070
Amount due to a director	290
Total liabilities associated with disposal group classified as held-for-sale	8,963

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

	2019 HK$'000	2018 HK$'000
Net cash outflows from operating activities	(1,660)	(1,343)
Net cash inflows from investing activities	1,973	552
Net cash outflows from financing activities	(461)	–
Net cash outflows	(148)	(791)

11. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE *(Continued)*

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

	2019 HK$'000	2018 HK$'000
Employee benefit expenses (excluding directors' remuneration)		
– Salaries, allowances and benefits in kind	1,727	2,057
– Retirement benefit scheme contributions	128	155
Total staff costs	1,855	2,212
Depreciation of property, plant and equipment	6,186	8,415
Depreciation of right-of-use assets	453	–
Expenses relating to short-term leases	100	–
Gain on lease termination	(27)	–
Allowance for expected credit losses on financial assets at amortised cost	2,268	3,650
Reversal of allowance for expected credit losses on financial assets at amortised cost	(19)	(2)
Impairment loss on property, plant and equipment	–	4,002
(Gain)/loss on disposal of property, plant and equipment	(340)	122
Loss on disposal of a subsidiary	–	3,304

12. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

From continuing and discontinued operations

	2019	2018
Loss for the year		
Attributable to the owners of the Company (HK$'000)	**(78,162)**	(139,188)
Weighted average number of ordinary shares in issue *(note)*	**1,036,379,025**	1,036,379,025
Basic and diluted loss per share (HK cents)	**(7.54)**	(13.43)

From continuing operations

	2019	2018
Loss for the year		
Attributable to the owners of the Company (HK$'000)	**(72,574)**	(128,728)
Weighted average number of ordinary shares in issue *(note)*	**1,036,379,025**	1,036,379,025
Basic and diluted loss per share (HK cents)	**(7.00)**	(12.42)

From discontinued operation

	2019	2018
Loss for the year		
Attributable to the owners of the Company (HK$'000)	**(5,588)**	(10,460)
Weighted average number of ordinary shares in issue *(note)*	**1,036,379,025**	1,036,379,025
Basic and diluted loss per share (HK cents)	**(0.54)**	(1.01)

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.

13. DIRECTORS' REMUNERATION AND INDIVIDUALS WITH HIGHEST EMOLUMENTS

(a) Directors' remuneration

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Employer's retirement benefit schemes HK$'000	Share-based compensation HK$'000	Total HK$'000
2019					
Executive directors					
Mr. Chen Ping *(Chairman) (a)*	–	–	–	–	–
Ms. Ma Jian Ying *(CO-Chief executive officer) (b)*	–	402	18	–	420
Ms. Xie Bin *(CO-Chief executive officer) (c)*	–	918	18	–	936
Mr. Wang An Zhong	–	402	18	–	420
Mr. Tsang Chun Kit, Terence	–	402	18	–	420
	–	2,124	72	–	2,196
Non-executive director					
Mr. Shi Guang Rong	–	228	12	–	240
	–	228	12	–	240
Independent non-executive directors					
Mr. Leung Wah	120	–	–	–	120
Ms. Wong Mei Ling	120	–	–	–	120
Mr. Qin Hui *(d)*	91	–	–	–	91
	331	–	–	–	331
Total	331	2,352	84	–	2,767

13. DIRECTORS' REMUNERATION AND INDIVIDUALS WITH HIGHEST EMOLUMENTS *(Continued)*

(a) Directors' remuneration *(Continued)*

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Employer's retirement benefit schemes HK$'000	Share-based compensation HK$'000	Total HK$'000
2018					
Mr. Chen Ping *(Chairman) (a)*	–	–	–	2,281	2,281
Ms. Ma Jian Ying *(CO-Chief executive officer) (b)*	–	438	18	2,281	2,737
Mr. Wang An Zhong	–	438	18	–	456
Mr. Tsang Chun Kit, Terence	–	438	18	2,281	2,737
	–	1,314	54	6,843	8,211
Non-executive directors					
Mr. Shi Guang Rong	–	252	13	227	492
Mr. Hsu Bin Chun *(e)*	–	100	–	685	785
	–	352	13	912	1,277
Independent non-executive directors					
Mr. Leung Wah	120	–	–	–	120
Ms. Sun Ching *(f)*	120	–	–	–	120
Ms. Wong Mei Ling	120	–	–	–	120
	360	–	–	–	360
Total	360	1,666	67	7,755	9,848

Notes:

(a) Mr. Chen Ping has resigned as chairman and executive director with effective on 16 March 2020.

(b) Ms. Ma Jian Ying has resigned as co-chief executive officer and executive director with effective on 23 April 2020.

(c) Ms. Xie Bin has been appointed as executive director with effective from 18 April 2019 and resigned as co-chief executive officer and executive director with effective on 16 March 2020.

(d) Mr. Qin Hui has been appointed as independent non-executive director with effective from 29 March 2019 and resigned as independent non-executive director with effective from 23 April 2020.

(e) Mr. Hsu Bin Chun has been appointed as non-executive director with effective on 12 December 2017 and resigned as non-executive director with effective on 25 May 2018.

(f) Ms. Sun Ching has resigned as independent non-executive director with effective on 31 December 2018.

13. DIRECTORS' REMUNERATION AND INDIVIDUALS WITH HIGHEST EMOLUMENTS *(Continued)*

(b) Five highest paid individuals

The five highest paid individuals during the year included one director (2018: three directors) whose emoluments are disclosed in above. The aggregate of the emoluments in respect of the other four individuals (2018: two individuals) with the highest emoluments are as follows:

	2019 HK$'000	2018 HK$'000
Basic salaries and allowances	**3,545**	1,729
Retirement benefits scheme contributions	**36**	18
Share-based compensation	**–**	2,281
	3,581	4,028

The emoluments of the other four individuals (2018: two individuals) with the highest emoluments are within the following bands:

	Number of Individuals	
	2019	2018
Nil to HK$1,000,000	**3**	1
HK$1,000,001 to HK$1,500,000	**1**	–
HK$2,500,001 to HK$3,500,000	**–**	1
	4	2

During the years ended 31 December 2019 and 2018, no emoluments were paid by the Group to any of the senior management as an inducement to join or upon joining the Group or as compensation for loss of office. No senior management waived or to waive any emoluments during both years.

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement HK$'000	Motor vehicle HK$'000	Furniture, fixtures and equipment HK$'000	Air-conditioners HK$'000	Total HK$'000
Cost					
At 1 January 2018	2,822	9,791	6,752	45,656	65,021
Additions	–	–	2,354	–	2,354
Disposals	–	–	(2,614)	(1,349)	(3,963)
Disposals of subsidiaries *(Note 34)*	–	–	(1,818)	–	(1,818)
Exchange adjustment	–	(472)	(84)	(2,313)	(2,869)
At 31 December 2018 and 1 January 2019	**2,822**	**9,319**	**4,590**	**41,994**	**58,725**
Additions	**–**	**–**	**2,658**	**–**	**2,658**
Disposals	**(586)**	**(242)**	**(40)**	**(3,911)**	**(4,779)**
Transferred to assets of disposal group classified as held for sale *(Note 11)*	**–**	**(201)**	**(401)**	**(37,365)**	**(37,967)**
Exchange adjustment	**–**	**(157)**	**(17)**	**(718)**	**(892)**
At 31 December 2019	**2,236**	**8,719**	**6,790**	**–**	**17,745**
Accumulated depreciation and impairment:					
At 1 January 2018	1,967	5,583	4,363	15,116	27,029
Charge for the year	564	1,753	1,457	8,415	12,189
Disposals	–	(6)	(2,101)	(674)	(2,781)
Elimination on disposals of subsidiaries *(Note 34)*	–	–	(1,460)	–	(1,460)
Impairment for the year	–	35	14	3,953	4,002
Exchange adjustment	–	(364)	(81)	(1,206)	(1,651)
At 31 December 2018 and 1 January 2019	**2,531**	**7,001**	**2,192**	**25,604**	**37,328**
Charge for the year	**164**	**1,188**	**1,003**	**6,161**	**8,516**
Disposals	**(459)**	**(163)**	**(59)**	**(2,293)**	**(2,974)**
Transferred to assets of disposal group classified as held for sale *(Note 11)*	**–**	**(166)**	**(386)**	**(28,900)**	**(29,452)**
Exchange adjustment	**–**	**(100)**	**(3)**	**(572)**	**(675)**
At 31 December 2019	**2,236**	**7,760**	**2,747**	**–**	**12,743**
Carrying amount:					
At 31 December 2019	**–**	**959**	**4,043**	**–**	**5,002**
At 31 December 2018	291	2,318	2,398	16,390	21,397

15. RIGHT-OF-USE ASSETS

The Group does not have the option to purchase the right-of-use assets for a nominal amount at the end of the lease terms.

	Office premises HK'000
As at 1 January 2019	5,245
Additions	8,930
Depreciation charge for the year	(3,978)
Leases termination	(1,251)
Exchange adjustment	(9)
As at 31 December 2019	8,937

Lease liabilities of approximately HK$8,953,000 are recognised with related right-of-use assets of approximately HK$8,937,000 as at 31 December 2019. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Details of total cash outflow of leases is set out in the consolidated statement of cash flows.

16. INTANGIBLE ASSET

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

	Carbon Emission Trading Platform HK$'000
Cost:	
At 1 January 2018	161,869
Disposal during the year *(Note 34(i))*	(161,869)
At 31 December 2018, 1 January 2019 and 31 December 2019	–
Accumulated impairment:	
At 1 January 2018	88,223
Disposal during the year *(Note 34(i))*	(88,223)
At 31 December 2018, 1 January 2019 and 31 December 2019	–
Carrying amount:	
At 31 December 2019	**–**
At 31 December 2018	–

Note: 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 approximately HK$54,632,000 which was settled by transferring the 91,240,875.9 units of XPA to the Group. The disposal was completed on 15 October 2018. Details are set out in the disposal of subsidiaries in Note 34.

17. GOODWILL

	HK$'000
Cost:	
At 1 January 2018, 31 December 2018, 1 January 2019 and 31 December 2019	10,939
Accumulated impairment:	
At 1 January 2018	–
Impairment for the year	(2,365)
At 31 December 2018 and 1 January 2019	**(2,365)**
Impairment for the year	**(6,617)**
At 31 December 2019	**(8,982)**
Carrying amount:	
At 31 December 2019	**1,957**
At 31 December 2018	8,574

Particular of impairment testing on goodwill is disclosed below:

Goodwill has been allocated for impairment testing purposes to the following cash-generating units ("CGU"):

– Money lending business

– Securities trading business

Goodwill was allocated to the Group's CGU identified according to business segment as follows:

	2019 HK$'000	2018 HK$'000
Money lending business	**869**	869
Securities trading business	**1,088**	7,705
	1,957	8,574

17. GOODWILL *(Continued)*

Impairment testing on cash generating unit

Money lending business

The recoverable amount of the CGU is determined based on value-in-use calculation, which is based on discounted cash flow sourced from the financial budgets approved by the management covering a 5-years period, and the pre-tax discount rate approximately 10.21% (2018: 11.32%) that reflects current market assessment of the time value of money and the risks specific to the CGU. Cash flows beyond 5-years period have been extrapolated using 3.0% growth rate per annum. The directors believe that any reasonably possible further change in the key assumptions on which the recoverable amount is based would not cause the carrying amount of the unit to exceed its recoverable amount.

Securities trading business

The recoverable amount of the CGU is determined based on value-in-use calculation, which is based on discounted cash flow sourced from the financial budgets approved by the management covering a 5-years period, and the pre-tax discount rate approximately 19.55% (2018: 19.49%) that reflects current market assessment of the time value of money and the risks specific to the CGU. Cash flows beyond 5-years period have been extrapolated using 3.0% growth rate per annum. Due to continuous operating loss in securities trading business cash generating unit, its recoverable amount is calculated to be lower than its carrying amount, an impairment loss of approximately HK$6,617,000 (2018: approximately HK$2,365,000) was recognised during the year ended 31 December 2019. The management engaged an independent professional valuer to assess the value in use as at 31 December 2019 and 2018 which was used to determine the fore-mentioned impairment amount, after taking into account (i) the current economic development of the Hong Kong; (ii) the development of securities business; and (iii) the expected business flow and development plan of the securities trading business during the valuation process.

As the goodwill has been reduced to its recoverable amount, any adverse change in the assumptions used in the calculation of recoverable amount would result in further impairment loss.

The key assumptions used in the value-in-use calculations for the cash-generating units are as follows:

Budgeted market share	Average market share in the period immediately before the budget period. The values assigned to the assumption reflect past experience.
Budgeted gross margin	Average gross margins achieved in the period immediately before the budget period which reflect past experience.

18. OTHER ASSETS

	2019 HK$'000	2018 HK$'000
Statutory deposits *(Note)*	**400**	400

Note: The statutory deposits represent deposits paid to exchanges and clearing houses held on long-term basis.

19. TRADE RECEIVABLES

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

The directors of the Company consider that the fair values of trade receivables which are expected to be recovered within one year are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

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.

19. TRADE RECEIVABLES *(Continued)*

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

	2019 HK$'000	2018 HK$'000
0 – 90 days	**29,364**	80,214
91 – 180 days	**53,337**	–
	82,701	80,214

	2019 HK$'000	2018 HK$'000
Movements of allowance of expected credit losses:		
As at 1 January	**(561)**	(425)
Reversal of allowance recognised in profit or loss during the year	**554**	420
Allowance recognised in profit or loss during the year	**(95)**	(583)
Exchange adjustment	**2**	27
As at 31 December	**(100)**	(561)

Allowance for expected credit losses of approximately HK$95,000 (2018: approximately HK$583,000) have been recognised for trade receivables during the year ended 31 December 2019. Details of impairment assessment of trade receivables for the year ended 31 December 2019 are set out in Note 37.

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.

20. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2019 HK$'000	2018 HK$'000
Deposits paid and prepayments to suppliers	29	8,641
Other receivables and deposits	1,115	2,086
Value added tax receivables	30	5,320
	1,174	16,047
Less: allowance for expected credit losses	(66)	(6,074)
	1,108	9,973

	2019 HK$'000	2018 HK$'000
Movements of allowance for expected credit losses:		
As at 1 January	(6,074)	(2,680)
Reversal of allowance recognised in profit or loss during the year	44	8
Allowance recognised in profit or loss during the year	(2,275)	(3,675)
Transfer to discontinued operation	8,096	–
Exchange adjustment	143	273
As at 31 December	(66)	(6,074)

Allowance for expected credit losses of approximately HK$2,275,000 (2018: approximately HK$3,675,000) have been recognised for other receivables and deposits during the year ended 31 December 2019. Details of impairment assessment of other receivables and deposits are set out in Note 37.

21. LOAN RECEIVABLE

	2019 HK$'000	2018 HK$'000
Loan receivable	**10,000**	10,000
Interest receivables	**1,221**	1,971
	11,221	11,971
Less: Allowance for expected credit losses	**(6,453)**	(34)
	4,768	11,937

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

	2019 HK$'000	2018 HK$'000
Loan receivable:		
Within 1 year	**4,768**	11,937

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

The loan receivable is secured, 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 are receivable with fixed term agreed with customer. They are neither past due nor impaired. The maximum exposure to credit risk at the end of period is the carrying value of the loan receivable.

Loan receivable is interest-bearing at rates of 15% (2018: 9% to 15%) per annum. Loan receivable includes the interest receivables of approximately HK$1,221,000 (2018: approximately HK$1,971,000) which receivable on the date of repayment. During the year ended 31 December 2019, interest income of approximately HK$1,500,000 (2018: approximately HK$3,136,000) 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 (2018: approximately HK$32,000) have been recognised for loan receivable during the year ended 31 December 2019. Details of impairment assessment of loan receivable are set out in Note 37.

22. CRYPTOCURRENCIES

The amounts represented the various cryptocurrencies held by the Group as at the end of the reporting period.

Cryptocurrencies	**2019 HK$'000**	2018 HK$'000
Mainstream:		
BTC	**68**	1,299
ETH	**2,050**	2,944
Non-mainstream:		
CBT	**162**	213
LTC	**117**	117
USDT	**145**	–
USX	**672**	1,772
XPA *(Note ii)*	**3,121**	26,512
Others	**1**	1
	6,336	32,858

Notes:

(i) As at 31 December 2019 and 2018, the Group estimated the recoverable amounts of the cryptocurrencies held by the Group, which were determined based on their estimated fair values arrived at using analysis of available information for the reference prices in the relevant cryptocurrencies markets and valuation performed by independent professional valuer for both mainstream and non-mainstream categories. The recoverable amount has categorised under Level 2 fair value hierarchy. The basis of the valuation used the market approach with adjustments being made to take account of marketability factors according to the liquidity and marketability of each type of the cryptocurrencies. Due to the liquidity issues and down trend of the cryptocurrencies market during the year, an aggregate impairment loss amounting to approximately HK$23,480,000 (2018: approximately HK$54,545,000) was recognised in the consolidated statement of profit or loss for the year ended 31 December 2019 to write down the carrying amounts of the cryptocurrencies held by the Group as at 31 December 2019 to their estimated recoverable amounts.

As the cryptocurrencies have been reduced to their recoverable amounts, any further adverse change in the assumptions used in the calculation of recoverable amount would result in further impairment loss.

(ii) XPA is a cryptocurrency token which is currently built up based on the blockchain technology of Ethereum platform. As at 31 December 2019, the Group held approximately of 111,917,944 units (2018: approximately 111,941,251 units) of XPA with carrying amount (after recognising impairment loss) of approximately of HK$3,121,000 (2018: approximately HK$26,512,000). In view of the liquidity and trading volume issues of XPA, the Group has classified the XPA cryptocurrencies as non-mainstream in nature.

23. AMOUNT DUE FROM A RELATED COMPANY

	Highest balance during the year	2019 HK$'000	2018 HK$'000
iSuncloud Limited	5,640	–	5,640

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

The directors of the Company, Mr. Chen Ping (resigned on 16 March 2020) and Ms. Ma Jian Ying (resigned on 23 April 2020), are also the directors and beneficial interest owner of the related company.

Reversal of allowance for expected credit losses of approximately HK$362,000 has been recognised for amount due from a related company during the year ended 31 December 2019. Allowance of expected credit losses of approximately HK$362,000 have been recognised for amount due from a related company during the year ended 31 December 2018. Details of impairment assessment of amount due from a related company are set out in Note 37.

24. CASH AND CASH EQUIVALENTS

	2019 HK$'000	2018 HK$'000
Cash at bank and in hand	19,045	48,982

The effective interest rates of the bank balances of the Group ranged from 0.01% to 0.30% (2018: 0.01% to 0.35%) per annum.

As at 31 December 2019, the Group's certain bank deposits of approximately HK$1,262,000 (2018: approximately HK$748,000) denominated in Renminbi ("RMB") placed with banks in the PRC. RMB is not a freely convertible currency. Under the Mainland China's Foreign Exchange Control Regulations and Administration of Settlement and Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through banks that are authorised to conduct foreign exchange business.

Client trust bank balances from securities trading business

The Group maintains segregated trust accounts with licensed banks to hold clients' monies arising from the regulated activities of its securities trading business licensed by the SFC. The Group has classified these clients' monies as client trust bank balances under the current assets section to the consolidated statement of financial position and recognised the corresponding trade payable to the respective clients. The Group is not permitted to offset those payables with the clients' monies.

25. TRADE PAYABLES

	2019 HK$'000	2018 HK$'000
Trade payables from securities trading business		
– Cash clients	**2,614**	3,456
– Clearing house	**1,794**	1,855
	4,408	5,311
Trade payables	**–**	5,066
	4,408	10,377

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 of the Company, 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 ordinary business other than securities trading business were as follows:

	2019 HK$'000	2018 HK$'000
0 – 90 days	**–**	52
91 – 180 days	**–**	–
181 – 365 days	**–**	–
Over 365 days	**–**	5,014
	–	5,066

26. ACCRUALS, DEPOSITS RECEIVED AND OTHER PAYABLES

	2019 HK$'000	2018 HK$'000
Accruals	**4,408**	3,516
Deposits received	**1,130**	4,950
Consideration received for disposal of subsidiary *(Note 11)*	**626**	–
Other payables	**1,226**	375
	7,390	8,841

27. LEASE LIABILITIES

Lease liabilities payable

	2019 HK$'000
Within one year	3,036
Within a period of more than one year but not more than two years	2,982
Within a period of more than two years but not more than five years	2,935
	8,953
Less: Amount due for settlement within 12 months shown under current liabilities	(3,036)
Amount due for settlement after 12 months shown under non-current liabilities	5,917

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.CB(b)(i). Any difference at the date of initial application is recognised in the opening accumulated losses and comparative information as at 31 December 2018 has not been restated. Further details on the impact of the transition to HKFRS 16 are set out in Note 2.

28. AMOUNTS DUE TO RELATED PARTIES

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

29. SHARE CAPITAL

	Number of shares '000	Nominal value HK$'000
Authorised:		
Ordinary shares of HK$0.04 each at 1 January 2018, 31 December 2018, 1 January 2019 and 31 December 2019	5,000,000	200,000
Issued and fully paid:		
Ordinary shares of HK$0.04 each at 1 January 2018, 31 December 2018, 1 January 2019 and 31 December 2019	1,036,379	41,455

30. SHARE OPTION SCHEME

The Share Option Scheme

Pursuant to an ordinary resolution passed in the annual general meeting held on 9 May 2012 ("Adoption Date"), the Company conditionally approved and adopted a share option scheme (the "Share Option Scheme"). The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group and to enable the Group to recruit and retain high-caliber employees and attract human resources that are valuable to the Group and any entity in which the Group holds any equity interest. Unless otherwise cancelled or amended, the Share Option Scheme will remain in force for 10 years from the Adoption Date.

Eligible participants of the Share Option Scheme include the following:

(i) any employee (whether full time or part time employee, including any executive directors) of the Group or any entity in which the Group holds any equity interest (the "Invested Entity");

(ii) any non-executive director (including independent non-executive directors) of the Group or any Invested Entity;

(iii) any supplier of goods or services to any member of the Group or any Invested Entity;

(iv) any customer of the Group or any Invested Entity;

(v) any person or entity that provides research, development or other technological support to the Group or any Invested Entity;

(vi) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;

(vii) any adviser (professional or otherwise) or consultant to any area of business or business development of the Group or any Invested Entity; and

(viii) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliances or other business arrangement, or otherwise, to the development and growth of the Group.

30. SHARE OPTION SCHEME *(Continued)*

The Share Option Scheme *(Continued)*

The number of shares which may be issued under the Share Option Scheme is subject to the following limitations:

(i) The maximum number of Shares which may be issued upon exercise of all outstanding options granted under the Share Option Scheme and any other share option schemes of the Group must not in aggregate exceed 30% of the total number of Shares in issue from time to time; and

(ii) The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Group shall not in aggregate exceed 10% of the total number of Shares in issue as at the adoption.

Pursuant to an ordinary resolution passed in the annual general meeting held on 13 May 2015 (the "2015 AGM"), the Company approved the refreshment of the scheme mandate limit, which is 10% of the total number of the issued shares of the Company as at the date of the 2015 AGM, under the Share Option Scheme. After the refreshment of the scheme mandate limit, a total of 383,844,900 share options (the "Scheme Mandate Limit") is available for issue under the Share Option Scheme as at the date of the 2015 AGM which represented 10% of the total number of the issued shares of the Company as at the date of the 2015 AGM. As at the date of this annual report, the Scheme Mandate Limit was fully utilised for the upward adjustment of 17,943,640 share options after the open offer completed in 2015 and for the grant of 365,901,260 of share options to certain eligible participants on 18 January 2016, subject to acceptance of the eligible participants, under the Share Option Scheme.

Share options granted to a Director, chief executive or substantial shareholder of the Company, or to any of their respective associates (as defined under the Listing Rules), are subject to approval in advance by the independent non-executive Directors (excluding independent non-executive Director who is the grantee of the options). In addition, where any grant of share options to a substantial shareholder or an independent non-executive Director, or to any of their respective associates, would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in excess of 0.1% of the Shares in issue and with an aggregate value (based on the closing price of the Shares at the date of the grant) in excess of HK$5 million, in a 12-month period up to and including the date of grant, such grant of share options are subject to Shareholders' approval in a general meeting.

The offer of a grant of share options may be accepted within 28 days from the date of the offer, upon payment of a nominal consideration of HK$1 by the grantee. The exercise period for the share options granted is determined by the Board, which period may commence from the date of acceptance of the offer for the grant of share options but shall end in any event not later than 10 years from the date of the grant of the option subject to the provisions for early termination under the Share Option Scheme.

The subscription price for Shares under the Share Option Scheme shall be a price determined by the Board, but shall not be less than the highest of:

(i) the closing price of Shares as stated in the daily quotations sheet of the Stock Exchange on the date of the offer of the grant, which must be a business day;

(ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of the offer of grant; and

(iii) the nominal value of the Shares.

30. SHARE OPTION SCHEME *(Continued)*

The Share Option Scheme *(Continued)*

Details of specific categories of options are as follows:

Date of grant	Vesting period	Exercise period	Exercise price	Adjusted exercise price
18 January 2016	Vested upon granted	18 January 2016 to 9 May 2022	HK$0.065	HK$0.488
11 January 2018	Vested upon granted	11 January 2018 to 9 May 2022	HK$0.370	N/A

Note: The exercise price of share options was adjusted subsequent to the completion of open offer on 24 April 2015 and share consolidation on 8 December 2016.

During the year ended 31 December 2016, the Company granted 365,901,260 share options to the certain Directors, employees and consultant of the Company under the Share Option Scheme at the subscription price of HK$0.065 per share option which were vested immediately and exercisable for the period between 18 January 2016 and 9 May 2022 (both dates inclusive) on 18 January 2016. As a result of the share consolidation which completed on 8 December 2016, the said outstanding 365,901,260 share options were adjusted to 45,737,657 share options conferring holders thereof to subscribe for up to a total of 45,737,657 Shares, and the share options remained outstanding as at 31 December 2016. The subscription price per share option was adjusted from HK$0.065 to HK$0.520 per share option after taking into account of the effect of share consolidation in December 2016.

On 11 January 2018, a total of 54,876,000 options were granted to the directors of the Group and employees pursuant to the Share Option Scheme. The estimated fair value of share options granted on 11 January 2018 are approximately HK$12,087,000 and the amount of share-based payments has been recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2018.

The inputs into the model as grant date were as follows:

Grant date:	11 January 2018	18 January 2016
Share price at the grant date:	HK$0.365	HK$0.064
Exercise price:	HK$0.370	HK$0.065
Expected volatility:	92.198%	80.08%
Risk-free rate:	1.663%	1.144%
Option period:	4.32 years	6.30 years
Fair value per option	HK$0.2203	HK$0.044

Expected volatility was determined by using the historical volatility of the Company's share price over the expected option period. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

As the fair value of the services received could not be estimated reliably by the Company, the fair value of services received in return for share options granted on 11 January 2018 and 18 January 2016 were measured by reference to the fair value of share options granted and determined by an independent professionally qualified valuer. The estimate of the fair value of the share options granted were measured based on Binomial Model and Black-Scholes Option Pricing Model. The contractual life of the share option is used as an input into this mode. Expectations of early exercise multiple are incorporated into the Binomial Model and Black-Scholes Option Pricing Model.

30. SHARE OPTION SCHEME *(Continued)*

Details of the terms and movements of the share options granted pursuant to the Share Option Scheme are as follows:

2019

Category of grantee	Date of grant	Exercise price HK$	Exercise price per share after adjustments HK$	Number of share options outstanding at 1 January '000	Granted during the year '000	Lapsed during the year '000	Number of share options outstanding at 31 December '000
Directors							
Mr. Chen Ping	11 January 2018	0.370	0.370	10,356	–	–	10,356
Ms. Ma Jian Ying	11 January 2018	0.370	0.370	10,356	–	–	10,356
Mr. Tsang Chun Kit, Terence	11 January 2018	0.370	0.370	10,356	–	–	10,356
Mr. Shi Guang Rong	11 January 2018	0.370	0.370	1,032	–	–	1,032
				32,100	–	–	32,100
Employees and consultant	18 January 2016	0.065	0.488	6,129	–	–	6,129
	11 January 2018	0.370	0.370	19,668	–	(7,248)	12,420
				25,797	–	(7,248)	18,549
				57,897	–	(7,248)	50,649
Exercisable at the end of the year							50,649

2018

Category of grantee	Date of grant	Exercise price HK$	Exercise price per share after adjustments HK$	Number of share options outstanding at 1 January '000	Granted during the year '000	Lapsed during the year '000	Number of share options outstanding at 31 December '000
Directors							
Mr. Chen Ping	11 January 2018	0.370	0.370	–	10,356	–	10,356
Ms. Ma Jian Ying	11 January 2018	0.370	0.370	–	10,356	–	10,356
Mr. Tsang Chun Kit, Terence	11 January 2018	0.370	0.370	–	10,356	–	10,356
Mr. Hsu Bin Chun *(Resigned on 25 May 2018)*	11 January 2018	0.370	0.370	–	3,108	(3,108)	–
Mr. Shi Guang Rong	11 January 2018	0.370	0.370	–	1,032	–	1,032
				–	35,208	(3,108)	32,100
Employees and consultant	18 January 2016	0.065	0.488	12,259	–	(6,130)	6,129
	11 January 2018	0.370	0.370	–	19,668	–	19,668
				12,259	19,668	(6,130)	25,797
				12,259	54,876	(9,238)	57,897
Exercisable at the end of the year							57,897

31. PRINCIPAL SUBSIDIARIES

Particulars of the Group's principal subsidiaries as at 31 December 2019 are as follows:

Name of Subsidiary	Place of incorporation and kind of legal entity	Issued and paid-up share capital	Percentage of issued capital held by the Company Directly	Percentage of issued capital held by the Company Indirectly	Principal activities and place of operations
8192 Limited	Hong Kong, limited liability company	HK$1	–	100%	Provision of services in Hong Kong
Eigen Capital (HK) Limited	Hong Kong, limited liability company	HK$1	–	100%	Blockchain technology related business in Hong Kong
Sino Unique Limited	British Virgin Islands	USD$1	100%	–	Investment holding in Hong Kong
China Glory International Holdings Limited	Hong Kong, limited liability company	HK$1	–	100%	Blockchain technology related business in Hong Kong
蔚藍環保技術服務(深圳)有限公司	The PRC, limited liability company	HK$50,000,000	–	100%	Trading business in the PRC
Energy China Investment Company Limited	Hong Kong, limited liability company	HK$50,000	100%	–	Investment holding and marketing services in Hong Kong
中達博誠能源科技(深圳)有限公司	The PRC, limited liability company	HK$132,000,000	–	100%	Investment holding and trading business in the PRC
深圳市順天運環保科技有限公司*(note (i))*	The PRC, limited liability company	RMB20,000,000	–	51%	Rental of air-conditioners in the PRC
United Property Finance Limited	Hong Kong, limited liability company	HK$4	–	100%	Money lending in Hong Kong
Hing Lee Securities Limited	Hong Kong, limited liability company	HK$28,000,000	–	100%	Securities trading in Hong Kong
Even Reward Limited	British Virgin Islands	USD$1,000	100%	–	Investment holding in Hong Kong
Tide Global Exchange Technology Limited	Hong Kong, limited liability company	HK$5,800,000	–	51%	Blockchain technology related business in Hong Kong

Note:

(i) The subsidiary was classified as disposal group held for sale as at 31 December 2019.

31. PRINCIPAL SUBSIDIARIES *(Continued)*

None of the subsidiaries had any debt securities outstanding at the end of the year.

The above table lists the subsidiaries of the Group, which, in the opinion of the directors, principally affected the results or assets of the Group. To give detail of other subsidiaries would, in the opinion of the directors, result in particulars of excessive lengths.

Details of non-wholly owned subsidiary that has material non-controlling interests:

Name of subsidiary	Place of incorporation/ registration and operation	Proportion of ownership interests and voting rights held by non-controlling interests	Loss allocated to non-controlling interests		Accumulated non-controlling interests	
			2019 HK$'000	2018 HK$'000	**2019 HK$'000**	2018 HK$'000
深圳市順天運環保科技有限公司	The PRC	49%	**(5,369)**	(10,050)	**(30,837)**	(25,983)

Summarised financial information in respect of each of the Group's subsidiary that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	2019 HK$'000	2018 HK$'000
Non-current assets	**8,515**	16,526
Current assets	**4,987**	8,498
Current liabilities	**(73,371)**	(74,987)
Equity attributable to owners of the Company	**(29,032)**	(23,980)
Non-controlling interests	**(30,837)**	(25,983)

	2019 HK$'000	2018 HK$'000
Revenue	**1,606**	3,379
Expenses	**(12,563)**	(23,889)
Loss for the year	**(10,957)**	(20,510)
Loss for the year attributable to:		
– Owners of the Company	**(5,588)**	(10,460)
– Non-controlling interests	**(5,369)**	(10,050)
Loss for the year	**(10,957)**	(20,510)

31. PRINCIPAL SUBSIDIARIES *(Continued)*

	2019 HK$'000	2018 HK$'000
Other comprehensive income attributable to owners of the Company	**536**	1,213
Other comprehensive income attributable to owners of the non-controlling interests	**515**	1,155
Other comprehensive income for the year	**1,051**	2,368
Total comprehensive loss attributable to owners of the Company	**(5,052)**	(9,247)
Total comprehensive loss attributable to owners of the non-controlling interests	**(4,854)**	(8,895)
Total comprehensive loss for the year	**(9,906)**	(18,142)
Dividend paid to non-controlling interests	**–**	–
Net cash outflows from operating activities	**(1,660)**	(1,343)
Net cash inflows from investing activities	**1,973**	552
Net cash outflows from financing activities	**(461)**	–
Net cash outflows	**(148)**	(791)

Significant restriction

Cash at bank and in hand dominated in RMB held in the PRC are subject to local exchange control regulations. These local exchange control regulations provide restrictions on exporting capital from the PRC, other than through normal dividend.

32. STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENT OF THE COMPANY

(a) Statement of financial position

	Note	2019 HK$'000	2018 HK$'000
Non-current assets			
Property, plant and equipment		59	172
Right-of-use assets		8,762	–
Interests in subsidiaries		92,413	168,168
		101,234	168,340
Current assets			
Other receivables, deposits and prepayments		906	1,314
Cash and cash equivalents		–	1,703
		906	3,017
Current liabilities			
Accruals, deposits received and other payables		839	572
Lease liabilities		2,855	–
		3,694	572
Net current (liabilities)/assets		(2,788)	2,445
Total assets less current liabilities		98,446	170,785
Non-current liabilities			
Lease liabilities		5,917	–
Net assets		92,529	170,785
Equity			
Share capital	29	41,455	41,455
Reserves		51,074	129,330
Total equity		92,529	170,785

Approved and authorised for issue by the board of directors on 28 May 2020 and signed on its behalf by:

Guo Yong *Director*	**Tsang Chun Kit Terence** *Director*

32. STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENT OF THE COMPANY *(Continued)*

(b) Reserves movement

	Share premium HK$'000	Capital reserve HK$'000	Contributed surplus HK$'000	Share-based payment reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
Restated balance at 1 January 2018	634,138	1,030	742	4,048	(347,056)	292,902
Issue of share options	–	–	–	12,087	–	12,087
Lapse of share options	–	–	–	(2,709)	2,709	–
Net loss for the year	–	–	–	–	(175,659)	(175,659)
At 31 December 2018	634,138	1,030	742	13,426	(520,006)	129,330
Initial adoption of HKFRS 16	–	–	–	–	(124)	(124)
At 1 January 2019	634,138	1,030	742	13,426	(520,130)	129,206
Lapse of share options	–	–	–	(1,596)	1,596	–
Net loss for the year	–	–	–	–	(78,132)	(78,132)
At 31 December 2019	634,138	1,030	742	11,830	(596,666)	51,074

The contributed surplus of the Company represents the difference between the aggregate net assets of the subsidiaries acquired by the Company under the group reorganisation in 2002 and the nominal amount of the Company's shares issued for the acquisition.

33. OPERATING LEASE COMMITMENTS

The Group as lessee

As at 31 December 2018, the total future minimum lease payments of the Group under non-cancellable operating lease which fall due as follows:

	2018 HK$'000
Within one year	4,437
In the second to fifth year inclusive	1,122
	5,559

Operating lease payments represent rentals payable by the Group for certain of its office premises. Leases in respect of office premises are negotiated for an average term from two to three years and rentals are fixed over the lease terms and do not include contingent rentals.

34. DISPOSAL OF SUBSIDIARIES

(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, at a consideration of approximately HK$54,632,000 which was settled by transferring the 91,240,875.9 units of XPA to the Group. The disposal was completed on 15 October 2018.

	HK$'000
Net assets disposed of:	
Property, plant and equipment	228
Intangible asset *(Note 16)*	73,646
Other receivables	296
Cash and bank balances	50
Accrual and other payables	(101)
Net assets disposed of	74,119

Loss on disposal of a subsidiary

	HK$'000
Consideration received	54,632
Net assets disposal of	(74,119)
Loss on disposal	(19,487)

Net cash outflow from disposal of a subsidiary

	HK$'000
Consideration received in cash and cash equivalents	–
Less: cash and cash equivalent balances disposed of	(50)
Net cash outflow from disposal of subsidiary	(50)

34. DISPOSAL OF SUBSIDIARIES *(Continued)*

(ii) On 2 November 2018, the Group entered into a sale and purchase agreement (the "SP Agreement") with 鄭耿忠, a PRC citizen, for the disposal of its entire interests in 深圳市瑞風節能環保設備有限公司 at a consideration of RMB1. The disposal was completed on 2 November 2018.

	HK$'000
Net assets disposed of:	
Property, plant and equipment	130
Other receivables, deposits and prepayments	4,251
Cash and bank balances	2
Accrual and other payables	(1,251)
Net assets disposed of	3,132

Loss on disposal of a subsidiary

	HK$'000
Consideration received	–
Net assets disposal of	(3,132)
Cumulative exchange loss in respect of the net assets of the subsidiary reclassified from equity to profit or loss on loss of control of subsidiary	(172)
Loss on disposal	(3,304)

Net cash outflow from disposal of a subsidiary

	HK$'000
Consideration received in cash and cash equivalents	–
Less: cash and cash equivalent balances disposed of	(2)
Net cash outflow from disposal of subsidiary	(2)

35. MATERIAL RELATED PARTY TRANSACTIONS

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

(a) Transaction with related parties:

	2019 HK$'000	2018 HK$'000
Service income received *(Note (i))*	**–**	(210)
Realised gains from OTC trading, net *(Note (i))*	**–**	(13)
Administrative cost paid *(Note (i))*	**8,515**	19,026
License fee paid for cryptocurrencies trading platform *(Note (i))*	**4,446**	9,360
Purchase costs paid for cryptocurrencies *(Note (i))*	**–**	93

Note:

(i) The executive directors and shareholders of the Company, Mr. Chen Ping (resigned on 16 March 2020), and Ms. Ma Jian Ying (resigned on 23 April 2020), are also the directors and beneficial interest owners of the related companies.

For the transactions constitute connected transactions under the Listing Rules, please refer to the sections "Continuing Connected Transactions" under the "Report of the Directors".

(b) Key management personnel compensation

The remuneration of directors and other members of key management during the year was as follows:

	2019 HK$'000	2018 HK$'000
Salary and other short-term employee benefits	**8,953**	8,561
Employer's contribution to retirement scheme	**176**	181
Share-based compensation	**–**	10,036
	9,129	18,778

36. DIVIDENDS

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

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk and interest risk which result from both its operating and investing activities. The Group does not have written risk management policies and guidelines. However, the directors closely monitor and focus on actively securing the Group's short to medium term cash flows by minimising the exposure to financial market.

The Group does not actively involve in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed to are described below.

(i) Interest rate risk

The Group's exposure to changes in interest rates mainly due to cash and cash equivalents which earn interest at floating rates. However, the directors are of the opinion that the sensitivity of the Group's result for the year to the reasonably possible change in interest rate in the coming twelve months is considered as minimal.

(ii) Foreign currency risk

The Group mainly operates in Hong Kong and the PRC. The functional currencies of the Company and its subsidiaries are mainly HK$ and RMB with certain of their business transactions being settled in RMB. In addition, the conversion of RMB into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government. As the functional currency of the PRC subsidiary is also RMB, thus, the management considered the foreign exchange exposure is minimal. The Group currently has not entered into any contracts to hedge its foreign currency risk. However, the management monitors foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise. The sensitivity analysis of 5% change in foreign currency rates, assuming all other variables remain unchanged, a 5% weakening of RMB against HK$, a positive number below indicates an increase in post-tax loss and other equity, vice versa:

Sensitivity analysis

	Liabilities		Assets	
	2019 HK$'000	2018 HK$'000	**2019 HK$'000**	2018 HK$'000
RMB	**1,226**	–	**–**	270
(Decrease)/increase in post-tax loss for the year			**(51)**	11

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(iii) Credit risks and impairment assessment

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables, other receivables and deposit, loan receivable, amount due from a related company, client trust bank balances and cash and cash equivalents. At 31 December 2019, the Group's maximum exposure to credit risk, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arising from the carrying amounts of the respective recognised financial assets as stated in the consolidated statement of financial position. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Trade receivables

Credit evaluations are performed on all customers requiring credit terms. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as to the economic environment.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer and therefore significant concentrations of credit risk primarily arises when the Group has significant exposure to individual customers. The Group has a concentration of credit risk in certain individual customers. At the end of each reporting period, the largest receivable was approximately 32.3% (2018: approximately 42.7%) of the Group's total trade receivables. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position after deducting any impairment allowance. As at 31 December 2019 and 2018, the Group does not provide any guarantees which would expose the Group to credit risk.

In order to minimise the credit risk, the management has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow up action is taken to recover overdue debts. In addition, the management reviews the recoverability of each trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. Upon the application of HKFRS 9 on 1 January 2018, the Group applies simplified approach on trade receivables to provide for the ECL prescribed by HKFRS 9. The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the allowance for expected credit losses based on past due status is not further distinguished between the Group's different customer bases.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(iii) Credit risks and impairment assessment *(Continued)*

Trade receivables *(Continued)*

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at 31 December 2019 and 2018:

At 31 December 2019

	Expected loss rate %	Gross carrying amount HK$'000	Loss allowance HK$'000
Current (not past due)	0.04	85,354	(34)
1 – 90 days past due	–	–	–
91 – 180 days past due	–	–	–
More than 180 days past due	100	66	(66)
		85,420	(100)

At 31 December 2018

	Expected loss rate %	Gross carrying amount HK$'000	Loss allowance HK$'000
Current (not past due)	0.67	83,905	(561)
1 – 90 days past due	–	–	–
91 – 180 days past due	–	–	–
More than 180 days past due	–	–	–
		83,905	(561)

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(iii) Credit risks and impairment assessment *(Continued)*

The closing allowances for expected credit losses for financial assets at amortised cost including trade receivables, other receivables and deposits, loan receivable, amount due from a related company as at 31 December 2019 reconcile to the opening allowance for expected credit losses as follows:

	Trade receivable HK$'000	Other receivable and deposits HK$'000	Loan receivable HK$'000	Amount due from a related party HK$'000	Total HK$'000
At 1 January 2018	(425)	(2,680)	(529)	(292)	(3,926)
Allowance for expected credit losses recognised in profit or loss during the year	(583)	(3,675)	(32)	(362)	(4,652)
Reversal of allowance for expected credit losses recognised in profit or loss during the year	420	8	527	292	1,247
Exchange adjustment	27	273	–	–	300
At 31 December 2018 and 1 January 2019	**(561)**	**(6,074)**	**(34)**	**(362)**	**(7,031)**
Allowance for expected credit losses recognised in profit or loss during the year	**(95)**	**(2,275)**	**(6,419)**	**–**	**(8,789)**
Reversal of allowance for expected credit losses recognised in profit or loss during the year	**554**	**44**	**–**	**362**	**960**
Transfer to discontinued operation	**–**	**8,096**	**–**	**–**	**8,096**
Exchange adjustment	**2**	**143**	**–**	**–**	**145**
At 31 December 2019	**(100)**	**(66)**	**(6,453)**	**–**	**(6,619)**

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period greater than agreed contract terms.

Allowance for expected credit losses on trade receivables are presented as allowance for expected credit losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(iii) Credit risks and impairment assessment *(Continued)*

Trade receivables *(Continued)*

Expected loss rates are based on actual loss experience over the past 2 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Further qualitative disclosures in respect of the Group's exposure to credit risk arising from trade receivables, other receivables and deposits, loan receivable and amount due from a related company are set out in Notes 19, 20, 21 and 23.

The management monitored the financial background and creditability of those debtors on an ongoing basis. The Group seeks to minimise its risk by dealing with counterparties which have good credit history. Majority of the trade receivables that are neither past due nor impaired have no default payment history. In this regard, the directors consider that the Group's credit risk is significantly reduced.

Other receivables and deposits

Other receivables relating to accounts that are long overdue with significant amounts, known insolvencies or non-response to collection activities, they are assessed individually for impairment allowance. The Group recognised the allowance for expected credit losses by assessing the credit risk characteristics of debtor, discount rate and the likelihood of recovery and considering the prevailing economic conditions.

Loan receivable

Management has delegated a team responsible for determination of credit limits, credit approval and other monitoring procedures to ensure that follow-up action is taken for the recoverable amount. In addition, the Group reviews the recoverable amount of each individual's loan receivable at the end of each reporting period to ensure that adequate allowance for expected credit losses is made for irrecoverable amounts. As at 31 December 2019, the directors of the Company are of the opinion that provision for impairment loss on individual loans is necessary in respect of these balances. An allowance for expected credit losses of approximately HK$6,453,000 (2018: approximately HK$34,000) was recognised for loan receivable as at the end of reporting period.

The Group manages and analyses the credit risk for each of their new and existing clients before standard payment terms and conditions are offered. If there is no independent rating, the Group assesses the credit quality of the customer based on the customer's financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the directors. The utilisation of credit limits is regularly monitored.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(iii) Credit risks and impairment assessment *(Continued)*

Loan receivable *(Continued)*

The following table provides information about the Group's exposure to credit risk and ECLs for loan receivable as at 31 December 2019 and 2018:

As at 31 December 2019

12-month or lifetime ECL	Expected loss rate %	Gross carrying amount HKD'000	Allowance for expected credit loss HKD'000
Lifetime ECL (credit impaired)	57.5	11,221	(6,453)

As at 31 December 2018

12-month or lifetime ECL	Expected loss rate %	Gross carrying amount HKD'000	Allowance for expected credit loss HKD'000
Lifetime ECL (not credit impaired)	0.3	11,971	(34)

Amount due from a related company

The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts for forward looking macroeconomic data.

The Group has assessed that the expected credit loss rate for these receivables under lifetime expected losses method. No allowance for expected credit losses was recognised for amount due from a related company for the year ended 31 December 2019 (2018: approximately HK$362,000). Reversal of allowance for expected credit losses of approximately HK$362,000 (2018: HK$Nil) was recognised for amount due from a related company for the year ended 31 December 2019.

Deposits with bank

In respect to the Group's deposit with bank, the Group limits its exposure to credit risk by placing deposits with financial institution with high credit rating and no recent history of default. Given the high credit ratings of the banks, management does not expect any counterparty to fail to meet its obligations. Management will continue to monitor the position and will take appropriate action if their ratings are changed. As at 31 December 2019 and 2018, the Group has no significant concentration of credit risk in relation to deposit with bank.

Other than the credit risks mentioned above, the Group does not have any other significant concentrations of credit risk. The exposures to these credit risks are monitored on an ongoing basis.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(iv) Liquidity risks

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group relies on internal fundings as a significant source of liquidity.

The directors consider that liquidity risk is limited after considering the future cash flows of the Group in the foreseeable future the short-term liabilities are required to be repaid within three months from the end of the reporting period. The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following table details the remaining contractual maturities of the Group's financial liabilities which are based on contractual undiscounted cash flows are summarised below:

	Weighted average effective interest rate	Within 1 year or on demand	More than 1 year but less than 5 years	Total undiscounted cash flows	Total carrying amounts
	%	HK$'000	HK$'000	HK$'000	HK$'000
At 31 December 2019					
Trade payables	–	4,408	–	4,408	4,408
Accruals and other payables	–	5,634	–	5,634	5,634
Amount due to a related party	–	1,200	–	1,200	1,200
Lease liabilities	4.35%	3,364	6,181	9,545	8,953
		14,606	6,181	20,787	20,195
At 31 December 2018					
Trade payables	–	10,377	–	10,377	10,377
Accruals and other payables	–	3,891	–	3,891	3,891
Amount due to a related party	–	296	–	296	296
		14,564	–	14,564	14,564

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(v) Fair values of financial instrument

The fair value of financial assets and financial liabilities are determined as follows:

(i) The fair value of financial assets and financial liabilities with standard terms and conditions and traded in active markets are determined with reference to quoted market bid prices and ask prices respectively, and

(ii) The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models (e.g. discounted cash flow analysis using observable and/or unobservable inputs).

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

(i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets and liabilities.

(ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

(iii) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Except as disclosed as above, the Directors consider the carrying amounts of financial assets and financial liabilities recorded at amortised costs in the consolidated financial statements approximates to their fair values.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(vi) Categories of financial instruments

The carrying amounts of the Group's financial instruments as recognised at 31 December 2019 and 2018 may be categorised as follows. See Note 3 for explanations about how the category of financial instruments affects their subsequent measurement.

	2019 HK$'000	2018 HK$'000
Financial assets at amortised cost:		
Trade receivables	85,320	83,344
Other receivables and deposits	1,049	1,656
Loan receivable	4,768	11,937
Amount due from a related company	–	5,640
Client trust bank balances	1,808	2,160
Cash and cash equivalents	19,045	48,982
	111,990	153,719

	2019 HK$'000	2018 HK$'000
Financial liabilities at amortised cost:		
Trade payables	4,408	10,377
Accruals and other payables	5,634	3,891
Amounts due to related parties	1,200	296
Lease liabilities	8,953	–
	20,195	14,564

38. CAPITAL MANAGEMENT

The Group's capital management objectives are:

(i) to ensure the Group's ability to continue as a going concern;

(ii) to provide an adequate return to the owners of the Company;

(iii) to support the Group's sustainable growth; and

(iv) to provide capital for the purpose of potential mergers and acquisitions.

The Group sets the amount of equity capital in proportion to its overall financing structure. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The capital structure of the Group consists of cash and cash equivalents; and equity attributable to the owners of the Company, comprising issued share capital and reserves. The management of the Group reviews the capital structure regularly. As part of this review, the management of the Group considers the cost of capital and the risks associated with each class of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to owners of the Company; return capital to owners of the Company; issue new shares; or sell assets to reduce debt.

39. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of liability arising from financing activity

	Lease liabilities HK$'000
At 31 December 2018	–
Adjustment upon application of HKFRS 16	5,391
At 1 January 2019 (restated)	5,391
New leases entered	8,930
Lease termination	(1,289)
Repayment	(4,218)
Finance costs	147
Exchange adjustment	(8)
At 31 December 2019	8,953

40. EVENTS AFTER THE REPORTING PERIOD

(a) Since January 2020, the outbreak of Novel Coronavirus ("COVID-19") has impact on the global business environment. Up to the date of these financial statements, COVID-19 has not resulted in material impact to the Group. Pending the development and spread of COVID-19 subsequent to the date of these financial statements, further changes in economic conditions for the Group arising thereof may have impact on the financial results of the Group, the extent of which could not be estimated as at the date of these financial statements. The Group will keep continuous attention on the situation of the COVID-19 and react actively to its impact on the financial position and operating results of the Group

(b) On 1 April 2020, the Group entered into a sale and purchase agreement (the "SP Agreement") with an independent third party for the disposal of its entire interests in Even Reward Limited, a company incorporated in the British Virgin Islands with limited liability and its non-wholly owned subsidiary, Tide Global Exchange Technology Limited, a company incorporated in Hong Kong with limited liability (the "Target Group") at a consideration of HK$1,400,000 which was settled by the purchaser by transferring approximately 28.35 units of Bitcoin to the Group (the "Disposal"). Completion of the Disposal took place immediately after the signing of the SP Agreement on 1 April 2020. Details of the Disposal are set out in the Company's announcement dated 24 April 2020.

41. MAJOR NON-CASH TRANSACTION

During the year ended 31 December 2019, the Group had no major non-cash transaction.

42. COMPARATIVES

The Group has initially applied HKFRS 16 at 1 January 2019. Under the cumulative method, comparative information is not restated. Further details of the change in accounting policies as disclosed in Note 2.

Certain comparative figures have been reclassified to conform with the disclosure requirements in respect of the discontinued operation set out in Note 11 to the consolidated financial statements.

43. AUTHORISATION OF ISSUE OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 28 May 2020.