



GLOBAL TOKEN LIMITED

(continued in Bermuda with limited liability)

Stock Code: 8192

2019
INTERIM REPORT



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

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

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

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This report, for which the directors (the “Directors”) of Global Token Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities (the “GEM Listing Rules”) on GEM of the Stock Exchange for the purpose of giving information with regard to the Company and its subsidiaries (together, 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.

RESULTS

The board of directors of the Company (the “Board”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months and six months ended 30 June 2019 respectively together with the comparative unaudited figures for the corresponding periods in 2018 as follows:

Unaudited Condensed Consolidated Statement of Profit or Loss

	Notes	Three months ended 30 June		Six months ended 30 June	
		2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
Continuing operations					
Revenue	5	30,945	48,177	86,531	89,168
Cost of sales		(29,741)	(45,218)	(83,178)	(82,886)
Gross profit		1,204	2,959	3,353	6,282
Other revenue	5	334	2	342	5
Other gains and losses	6	1,218	(1)	1,288	(2)
Impairment loss on cryptocurrencies		(6,470)	(26,300)	(15,199)	(8,011)
Selling and distribution expenses		(417)	(292)	(1,424)	(548)
Administrative and other operating expenses		(12,990)	(14,869)	(24,038)	(40,914)
Loss from operations		(17,121)	(38,501)	(35,678)	(43,188)
Finance costs	7	(42)	–	(97)	–
Loss before taxation	8	(17,163)	(38,501)	(35,775)	(43,188)
Taxation	9	(18)	(131)	(18)	(131)
Loss for the period from continuing operations		(17,181)	(38,632)	(35,793)	(43,319)

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	Notes	Three months ended 30 June		Six months ended 30 June	
		2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
Discontinued operation					
Loss for the period from discontinued operation	10	(2,539)	(3,851)	(5,472)	(7,392)
Loss for the period		(19,720)	(42,483)	(41,265)	(50,711)
Loss for the period attributable to					
Owners of the Company		(17,868)	(39,561)	(36,666)	(44,832)
Non-controlling interests		(1,852)	(2,922)	(4,599)	(5,879)
		(19,720)	(42,483)	(41,265)	(50,711)
Loss per share for the period attributable to owners of the Company					
			(retested)		(retested)
For continuing and discontinued operations					
– Basic and diluted (HK cents)	11	(1.72)	(3.82)	(3.54)	(4.33)
For continuing operations					
– Basic and diluted (HK cents)	11	(1.60)	(3.63)	(3.27)	(3.96)

Unaudited Condensed Consolidated Statement of Comprehensive Income

Notes	Three months ended 30 June		Six months ended 30 June	
	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
Loss for the period	(19,720)	(42,483)	(41,265)	(50,711)
Other comprehensive loss for the period, net of income tax				
<i>Item that may be subsequently reclassified to profit or loss:</i>				
Exchange differences on translation of foreign operations	(2,668)	(6,416)	(63)	(1,520)
Total comprehensive loss for the period	(22,388)	(48,899)	(41,328)	(52,231)
Other comprehensive loss for the period attributable to				
Owners of the Company	(19,838)	(45,132)	(36,677)	(46,110)
Non-controlling interests	(2,550)	(3,767)	(4,651)	(6,121)
	(22,388)	(48,899)	(41,328)	(52,231)

Condensed Consolidated Statement of Financial Position

	<i>Notes</i>	As at 30 June 2019 HK\$'000 (Unaudited)	As at 31 December 2018 HK\$'000 (Audited)
Assets and liabilities			
Non-current assets			
Property, plant and equipment		18,516	21,397
Right-of-use assets		2,670	–
Goodwill	12	8,574	8,574
Other assets		400	400
Cryptocurrencies	13	14,849	32,858
		45,009	63,229
Current assets			
Trade receivables	14	88,775	83,344
Other receivables, deposits and prepayments	15	8,914	9,973
Loans receivable	16	11,065	11,937
Amount due from a related company	17	–	5,640
Client trust bank balances		2,825	2,160
Cash and cash equivalents		33,464	48,982
		145,043	162,036
Current liabilities			
Trade payables	18	14,372	10,377
Accruals, deposits received and other payables	19	8,318	8,841
Lease liabilities		2,229	–
Amount due to a related party	20	295	296
Tax payable		110	92
		25,324	19,606

	<i>Notes</i>	As at 30 June 2019 HK\$'000 (Unaudited)	As at 31 December 2018 HK\$'000 (Audited)
Net current assets		119,719	142,430
Net assets less current liabilities		164,728	205,659
Non-current liability			
Lease liabilities		543	–
Net assets		164,185	205,659
Equity			
Share capital	21	41,455	41,455
Reserves		154,025	190,848
Total equity attributable to owners of the Company		195,480	232,303
Non-controlling interests		(31,295)	(26,644)
Total equity		164,185	205,659

Unaudited Condensed Consolidated Statement of Changes in Equity

	Attributable to owners of the Company										Non-controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Capital reserve HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Statutory reserve HK\$'000	Share-based payment reserve HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Sub-total HK\$'000			
At 1 January 2018 (Audited)	41,455	1,030	634,138	11	324	4,048	(8,562)	(306,945)	365,499	(7,941)	357,558	
Issue of share options (Note i)	-	-	-	-	-	12,200	-	-	12,200	-	12,200	
Lapse of shares options	-	-	-	-	-	(2,024)	-	2,024	-	-	-	
Transaction with owners	-	-	-	-	-	10,176	-	2,024	12,200	-	12,200	
Net loss for the period	-	-	-	-	-	-	-	(44,832)	(44,832)	(5,879)	(50,711)	
Other comprehensive loss, net of income tax: Exchange differences on translating foreign operations	-	-	-	-	-	-	(1,278)	-	(1,278)	(242)	(1,520)	
Total comprehensive loss for the period	-	-	-	-	-	-	(1,278)	(44,832)	(46,110)	(6,121)	(52,231)	
At 30 June 2018 (Unaudited)	41,455	1,030	634,138	11	324	14,224	(9,840)	(349,753)	331,589	(14,062)	317,527	
At 1 January 2019 (Audited)	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)	
Restated balance at 1 January 2019	41,455	1,030	634,138	11	324	13,426	(13,120)	(445,107)	232,157	(26,644)	205,513	
Lapse of share options	-	-	-	-	-	(912)	-	912	-	-	-	
Transaction with owners	-	-	-	-	-	(912)	-	912	-	-	-	
Net loss for the period	-	-	-	-	-	-	-	(36,666)	(36,666)	(4,599)	(41,265)	
Other comprehensive loss net of income tax: Exchange differences on translating foreign operations	-	-	-	-	-	-	(11)	-	(11)	(52)	(63)	
Total comprehensive loss for the period	-	-	-	-	-	-	(11)	(36,666)	(36,677)	(4,651)	(41,328)	
At 30 June 2019 (Unaudited)	41,455	1,030	634,138	11	324	12,514	(13,131)	(480,861)	195,480	(31,295)	164,185	

Note:

- (i) On 11 January 2018, the Company granted share options to certain eligible participants under the share option scheme of the Company adopted on 9 May 2012 to subscribe for a total of 54,876,000 ordinary shares of HK\$0.04 each of the Company at an exercise price of HK\$0.370 per share.

Unaudited Condensed Consolidated Statement of Cash Flows

	Six months ended	
	30 June	
	2019	2018
	HK\$'000	<i>HK\$'000</i>
Net cash outflow from operating activities	(17,731)	(20,144)
Net cash inflow/(outflow) from investing activities	2,201	(30,131)
Net cash inflow from financing activities	–	–
Net decrease in cash and cash equivalents	(15,530)	(50,275)
Cash and cash equivalents at the beginning of the period	48,982	104,902
Effect of foreign exchange rate changes	12	(6)
Cash and cash equivalents at the end of the period	33,464	54,621
Analysis of balances of cash and cash equivalents		
Cash and bank balances	33,464	54,621

Notes to the Unaudited Condensed Consolidated Financial Statements

1. General Information

The Company is a limited liability company incorporated in the Cayman Islands and continued in Bermuda. The address of the Company's registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business is Room 3008-10, 30th Floor, Tower 6, The Gateway, Harbour City, 9 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong. The Company's shares have been listed on GEM of the Exchange with effect from 29 November 2002.

The principal activity of the Company is investment holding. The subsidiaries are principally engaged in (i) rental of energy-saving air-conditioners, (ii) trading business, (iii) money lending business, (iv) securities trading business, and (v) blockchain technology related business.

2. Basis of Preparation and Principal Accounting Policies

The Group's unaudited condensed consolidated interim financial statements (the "Interim Financial Statements") have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules.

The accounting policies, recognition and measurement principles used in the preparation of the Interim Financial Statements are consistent with those used in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018.

The Interim Financial Statements have been prepared under the historical cost basis, except for certain financial instruments, which are measured at fair values, as appropriate. The Directors consider that the carrying amounts of financial assets and financial liabilities measured at cost or amortised cost in these unaudited condensed consolidated financial statements approximate their fair values.

In the current interim period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 January 2018. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group's accounting policies and amounts reported for the current year and prior year.

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

3. Changes in Accounting Policies and Disclosures

Upon the adoption of HKFRS 16, at the commencement date of the lease, the lessee recognises a “lease liability” and a corresponding “right-of-use” asset. After initial recognition of this asset and liability, the lessee recognises interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses continue to be recognised on a systematic basis over the lease term.

HKFRS 16 primarily affect the Group’s accounting as a lessee of premises which are classified as operating leases in previous year. The application of the new accounting model leads to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the consolidated statement of profit or loss over the period of the lease.

HKFRS 16 has been applied modified retrospective approach, with the cumulative effect of initial application recognised as an adjustment to the opening balances of accumulated losses as at 1 January 2019. Comparative information has not been restated. In addition, the Group elected the practical expedient for not applying the new accounting model to short-term leases and leases of low-value assets and not to perform a full review of existing leases and apply HKFRS 16 only to new contracts. Furthermore, the Group has used the practical expedient to account for leases for which the lease term ends within 12 months from the date of initial application as short-term lease.

Upon the initial application of HKFRS 16, the Group measured the right-of-use assets as if HKFRS 16 had always been applied by using the incremental borrowing rate at initial application date and the opening balances of lease liabilities and the corresponding right-of-use assets has been adjusted as at 1 January 2019.

The following table summarises the impact of transition to HKFRS 16 on the opening balances of accumulated losses:

Recognition of interest of lease liabilities and Depreciation of right-of-use assets	Impact of adopting HKFRS 16 on opening balances <i>HK\$'000</i>
Accumulated losses	
Impact at 1 January 2019	146

Other than the recognition of lease liabilities and right-of-use assets, the Group expects that the transition adjustments to be made upon the initial adoption of HKFRS 16 will not be material. However, the expected changes in accounting policies as described above could have a material impact on the Group’s financial statements from 2019 onwards.

4. Segment Information

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

- Rental of energy-saving air-conditioners ("Rental of air-conditioners")
- Trading business
- Operations of the carbon emission trading platform and related services ("Operations of the CETP") (Disposed on 15 October 2018)
- Money lending business
- Securities trading business
- Blockchain technology related business (new segment during the year ended 31 December 2018)

Segment revenues and results

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

For the six months ended 30 June 2019:

	Rental of air-conditioners HK\$'000	Trading business HK\$'000	Operations of the CETP HK\$'000	Money lending business HK\$'000	Securities trading business HK\$'000	Blockchain technology related business HK\$'000	Total HK\$'000
Segment revenue	1,397	83,184	-	750	1,058	142	86,531
Segment results	(3,722)	1,741	-	271	(858)	(5,969)	(8,537)
Other revenue							342
Exchange losses, net							(8)
Impairment loss on cryptocurrencies							(15,199)
Central administrative costs							(12,276)
Finance cost							(97)
Loss before taxation							(35,775)

For the six months ended 30 June 2018:

	Rental of air- conditioners HK\$'000	Trading business HK\$'000	Operations of the CETP HK\$'000	Money lending business HK\$'000	Securities trading business HK\$'000	Blockchain technology related business HK\$'000	Total HK\$'000
Segment revenue	1,976	83,167	-	1,834	1,790	401	89,168
Segment results	(4,574)	1,666	(908)	1,290	(681)	381	(2,826)
Other revenue							5
Exchange losses, net							(2)
Impairment loss on cryptocurrencies							(8,011)
Central administrative costs							(32,355)
Loss before taxation							(43,189)

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

5. 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 trading, commission and service income and blockchain solution service income from blockchain technology related business. Revenue and other revenue recognised during the six months ended 30 June 2019 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.

	Three months ended 30 June		Six months ended 30 June	
	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
Continuing operations:				
Timing of revenue recognition				
Revenue recognised at appoint in time				
Revenue from sale of electronic products	29,318	45,004	83,184	83,167
Brokerage and commission income from securities trading business	576	691	1,058	1,790
Blockchain technology related business:				
– Realised gains from OTC trading, net	–	401	142	401
Revenue from contracts with customers	29,894	46,096	84,384	85,358
Revenue from other source				
Interest income from money lending business	375	915	750	1,834
Rental income of air-conditioners	676	1,166	1,397	1,976
	30,945	48,177	86,531	89,168
Other revenue				
Interest income	1	1	2	2
Sundry income	333	1	340	3
	334	2	342	5

6. Other Gains and Losses

	Three months ended		Six months ended	
	30 June		30 June	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Continuing operations:				
Exchange losses, net	(12)	(1)	(8)	(2)
Gain on disposal of property, plant and equipment	923	–	923	–
Gain on termination of lease arrangement	12	–	12	–
Loss allowance on financial assets at amortised cost	(11)	–	(10)	–
Reversal of loss allowance on financial assets at amortised cost	306	–	371	–
	1,218	(1)	1,288	(2)

7. Finance Costs

	Three months ended		Six months ended	
	30 June		30 June	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Continuing operations:				
Interest expenses on lease liabilities	42	–	97	–
	42	–	97	–

8. Loss before Taxation

The Group's loss before taxation is arrived at after charging/(crediting):

	Three months ended		Six months ended	
	30 June		30 June	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Continuing operations:				
Directors' emoluments	482	521	934	1,063
Employee benefit expenses (excluding directors' emoluments)				
– Salaries, bonus and allowances	6,620	7,673	11,373	14,795
– Share-based payments	–	–	–	12,200
– Retirement benefits scheme contribution	797	202	915	377
Depreciation				
– Owned assets	1,908	3,016	4,420	6,106
– Right-of-use assets	1,084	–	2,234	–
(Gain)/loss on disposal of property, plant and equipment	(935)	11	(924)	11
Costs of inventories recognised as an expense	28,149	43,103	79,956	78,603
Impairment loss on cryptocurrencies	6,470	26,300	15,199	8,011

Note:

- (a) Depreciation of property, plant and equipment of approximately HK\$3,222,000 (30 June 2018: approximately HK\$4,283,000) for the six months ended 30 June 2019 is included in the costs of sales.

9. Taxation

	Three months ended		Six months ended	
	30 June		30 June	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Continuing operations:				
Current tax:				
Hong Kong profits tax	18	131	18	131
	18	131	18	131

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

The subsidiaries of the Company in Hong Kong are subject to Hong Kong profits tax at the rates of 16.5% for the six months ended 30 June 2018. 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 six months ended 30 June 2019. Accordingly, the Hong Kong Profits Tax for the six months ended 30 June 2019 is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

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% (2018: 25%). No provision for taxation has been provided for in the unaudited condensed consolidated financial statements for the six months ended 30 June 2019 and 2018 as the subsidiaries of the Company in the PRC had accumulated tax losses brought forward which exceeded the estimated assessable profits for the period.

10. Discontinued Operation

On 21 June 2019, the Group ceased to carry on the business relating to the provision of a non-mainstream cryptocurrency trading platform under the segment of blockchain technology related business. The comparative unaudited condensed consolidated profit or loss and related notes have been represented as if the operation had been discontinued at the beginning of the comparative period.

An analysis of the result of discontinued operation is set out below:

	Three months ended		Six months ended	
	30 June		30 June	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	-	121	66	121
Cost of sales	-	-	-	-
Gross profit	-	121	66	121
Other losses, net	-	-	(69)	-
Impairment loss on cryptocurrencies	(103)	(48)	-	(48)
Selling and distribution expenses	(67)	(1)	(143)	(1)
Administrative and other expenses	(2,369)	(3,923)	(5,326)	(7,464)
Loss before taxation	(2,539)	(3,851)	(5,472)	(7,392)
Taxation	-	-	-	-
Loss for the period from discontinued operation	(2,539)	(3,851)	(5,472)	(7,392)
Loss for the period attributable to				
Owners of the Company	(1,295)	(1,964)	(2,791)	(3,770)
Non-controlling interests	(1,244)	(1,887)	(2,681)	(3,622)
	(2,539)	(3,851)	(5,472)	(7,392)

11. Loss per Share

	Three months ended 30 June		Six months ended 30 June	
	2019	2018	2019	2018
Loss for the period attributable to the owners of the Company (HK\$)				
– for continuing and discontinued operations	(17,868,000)	(39,561,000)	(36,666,000)	(44,832,000)
– for continuing operations	(16,573,000)	(37,597,000)	(33,875,000)	(41,062,000)
– for discontinued operation	(1,295,000)	(1,964,000)	(2,791,000)	(3,770,000)
Weighted average number of ordinary shares in issue	1,036,379,025	1,036,379,025	1,036,379,025	1,036,379,025
Basic loss per share (HK cents)				
– for continuing and discontinued operations	(1.72)	(3.82)	(3.54)	(4.33)
– for continuing operations	(1.60)	(3.63)	(3.27)	(3.96)
– for discontinued operation	(0.12)	(0.19)	(0.27)	(0.36)

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

The basic and diluted loss per share for the six months ended 30 June 2019 and 2018 are the same because the effect of the assumed conversion of all dilutive potential ordinary shares outstanding during the period under review was anti-dilutive.

12. Goodwill

HK\$'000

Costs:

Balance at 31 December 2018 and 30 June 2019 10,939

Accumulated impairment:

Balance at 31 December 2018 and 30 June 2019 (2,365)

Carrying amounts:

Balance at 30 June 2019 8,574

Balance at 31 December 2018 8,574

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

	As at 30 June 2019 HK\$'000 (Unaudited)	As at 31 December 2018 HK\$'000 (Audited)
Money lending business	869	869
Securities trading business	7,705	7,705
	8,574	8,574

13. Cryptocurrencies

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

	As at 30 June 2019 HK\$'000 (Unaudited)	As at 31 December 2018 HK\$'000 (Audited)
Mainstream:		
BTC	179	1,299
ETH	4,539	2,944
Non-mainstream:		
CBT	234	213
LTC	260	117
USX	439	1,772
HKX	239	–
XPA (Note ij)	8,814	26,512
Others	145	1
	14,849	32,858

Note:

- (i) As at 30 June 2019, 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 for both mainstream and non-mainstream categories. The recoverable amount was 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 period, an aggregate impairment loss amounting to approximately HK\$15,199,000 (30 June 2018: approximately HK\$8,011,000) was recognised in the unaudited condensed consolidated statement of profit or loss for the six months ended 30 June 2019 to write down the carrying amounts of the cryptocurrencies held by the Group as at 30 June 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 30 June 2019, the Group held approximately of 111,918,000 units of XPA with carrying amount (after recognising impairment loss) of approximately of HK\$8,814,000 (31 December 2018: 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.

14. Trade Receivables

	As at 30 June 2019 HK\$'000 (Unaudited)	As at 31 December 2018 HK\$'000 (Audited)
Trade receivables from securities trading business		
– Cash clients	2,652	1,838
– Clearing house	4,543	1,313
	7,195	3,151
Trade receivables	82,150	80,754
	89,345	83,905
Less: Allowance for expected credit losses	(570)	(561)
	88,775	83,334

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

(a) Ageing analysis

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines its credit limits. Credit sales are made to customers with a satisfactory and trustworthy credit history. Credit limits attributed to customers are reviewed regularly. The Group allows a credit period with average range from 90 – 180 days (2018: 90 – 180 days) to its trade customers of its trading business.

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

	As at 30 June 2019 HK\$'000 (Unaudited)	As at 31 December 2018 HK\$'000 (Audited)
0 – 90 days	28,964	80,214
91 – 180 days	52,428	–
181 – 365 days	209	–
	81,601	80,214

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.

(b) Trade debtors that are not impaired

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

	As at 30 June 2019 HK\$'000 (Unaudited)	As at 31 December 2018 HK\$'000 (Audited)
Neither past due nor impaired	81,535	80,214
0 – 90 days past due	66	–
	81,601	80,214

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

As at 30 June 2019, trade receivable of approximately HK\$66,000 (31 December 2018: HK\$nil) that were past due but not impaired related to a third party customer for whom there was no recent history of default. Based on the past credit history, the management believes that no impairment on trade receivables is necessary for these balances as there has not been a significant change in credit quality. Accordingly, these balances are still considered to be fully recoverable.

15. Other Receivables, Deposits and Prepayments

	As at 30 June 2019 HK\$'000 (Unaudited)	As at 31 December 2018 HK\$'000 (Audited)
Deposits paid and prepayments to suppliers	2,173	2,997
Other receivables and deposits	1,763	1,656
Value added tax receivables	4,978	5,320
	8,914	9,973

Reversal of loss allowance of approximately HK\$6,000 have been recognised for other receivables and deposits during the six months ended 30 June 2019 (at 31 December 2018: loss allowance of approximately HK\$3,675,000).

16. Loans Receivable

	As at 30 June 2019 HK\$'000 (Unaudited)	As at 31 December 2018 HK\$'000 (Audited)
Loans receivable	10,000	10,000
Interest receivable	1,096	1,971
	11,096	11,971
Less: Allowance for expected credit losses	(31)	(34)
	11,065	11,937

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

	As at 30 June 2019 HK\$'000 (Unaudited)	As at 31 December 2018 HK\$'000 (Audited)
<i>Loans receivables:</i>		
Within one year	11,065	11,937

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

The loans receivable are mainly unsecured, interest bearing and are receivable with fixed terms agreed with customers. As at 30 June 2019, a loans receivable with principal amount of approximately HK\$10,000,000 (31 December 2018: HK\$10,000,000) are secured by collaterals, interest bearing and are receivable with fixed term agreed with customer.

They are neither past due nor impaired. The maximum exposure to credit risk at the end of period is the carrying value of the loans receivable. Based on the past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

Loans receivable are interest-bearing at rate of 9.0% (31 December 2018: 9.0% to 31.8%) per annum. Loans receivable includes the interest receivables of approximately HK\$1,096,000 (31 December 2018: HK\$1,971,000) which is receivable on the date of repayment. During the six months ended 30 June 2019, interest income of approximately HK\$750,000 (30 June 2018: approximately HK\$1,834,000) has been recognised in the unaudited condensed consolidated statement of profit or loss and other comprehensive income.

Reversal of loss allowance of approximately HK\$3,000 have been recognised for loans receivable during the six months ended 30 June 2019 (as at 31 December 2018: loss allowance of approximately HK\$32,000).

17. Amount Due from A Related Company

	Highest Balance during the period <i>HK\$'000</i>	As at 30 June 2019 <i>HK\$'000</i> (Unaudited)	As at 31 December 2018 <i>HK\$'000</i> (Audited)
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 and Ms. Ma Jian Ying, are also the directors and beneficial interest owner of the related company.

Reversal of loss allowance of approximately HK\$362,000 have been recognised for amount due from a related company during the six months ended 30 June 2019 (at 31 December 2018: loss allowance of approximately HK\$362,000).

18. Trade Payables

	As at 30 June 2019 <i>HK\$'000</i> (Unaudited)	As at 31 December 2018 <i>HK\$'000</i> (Audited)
Trade payables from securities trading business		
– Cash clients	6,928	3,456
– Clearing house	2,812	1,855
	9,740	5,311
Trade payables	4,632	5,066
	14,372	10,377

For securities trading business, the settlement terms of trade payables to cash clients and clearing house is two 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.

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

	As at 30 June 2019 HK\$'000 (Unaudited)	As at 31 December 2018 HK\$'000 (Audited)
0 – 90 days	–	52
91 – 180 days	–	–
181 – 365 days	–	–
Over 365 days	4,632	5,014
	4,632	5,066

19. Accruals, Deposits Received and Other Payables

	As at 30 June 2019 HK\$'000 (Unaudited)	As at 31 December 2018 HK\$'000 (Audited)
Accruals	2,957	3,516
Deposits received	3,520	4,950
Other payables	1,841	375
	8,318	8,841

20. Amount Due to A Related Party

The amount due to a related party is unsecured, interest-free and repayable on demand.

21. Share Capital

	Number of shares '000	Nominal value HK\$'000
<i>Authorised:</i>		
Ordinary shares of HK\$0.04 each at 1 January 2018, 31 December 2018, 1 January 2019 and 30 June 2019	5,000,000	200,000
<i>Issued and fully paid:</i>		
Ordinary shares of HK\$0.04 each at 1 January 2018, 31 December 2018, 1 January 2019 and 30 June 2019	1,036,379	41,455

22. Share Option Scheme

Pursuant to an ordinary resolution passed in the annual general meeting held on 9 May 2012, the Company conditionally approved and adopted a share option scheme (the "Share Option Scheme").

On 18 January 2016, the Company granted 365,901,260 share options to the certain Directors, employees and adviser of the Company under the Share Option Scheme at the exercise price of HK\$0.065 per share option which were vested immediately and exercisable for the period between 18 January 2016 and 9 May 2022 (both dates inclusive). Each share option gives the holder the right to subscribe for one ordinary share of the Company. As at 30 June 2019, there are 6,129,500 (as at 31 December 2018: 6,129,500) share options remained outstanding and the subscription price per share was adjusted to HK\$0.488 per share after taking into account of the effect of the rights issue completed in May 2017.

On 11 January 2018, the Company granted 54,876,000 share options to the certain Directors, employees and consultants of the Company under the Share Option Scheme at the exercise price of HK\$0.370 per share option which were vested immediately and exercisable for the period between 11 January 2018 and 9 May 2022 (both dates inclusive). Each share option gives the holder the right to subscribe for one ordinary share of the Company. As at 30 June 2019, there are 47,628,000 (as at 31 December 2018: 51,768,000) share options remained outstanding.

As at 30 June 2019, there are outstanding options entitling the share options holders thereof to subscribe for up to an aggregate of 53,757,500 shares, of which 6,129,500 outstanding options have an exercise price of HK\$0.488 per share and 47,628,000 outstanding options have an exercise price of HK\$0.370 per share.

23. Materials Related Party Transactions

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

(a) Transaction with related parties:

	Three months ended		Six months ended	
	30 June		30 June	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Administrative cost paid (Note)	2,211	1,556	6,749	2,893
Licence fee paid (Note)	2,106	2,340	4,446	4,680

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

(b) Key management personnel compensation

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

	Three months ended		Six months ended	
	30 June		30 June	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Salary and other short-term employees benefits	466	505	901	1,030
Employer's contribution to retirement scheme	16	17	33	33
Equity-settled share-based payments	-	-	-	12,200
	482	522	934	13,263

24. Dividend

The Board does not recommend the payment of a dividend for the six months ended 30 June 2019 (30 June 2018: Nil).

25. Contingent Liabilities

As at 30 June 2019, the Group did not have any significant contingent liabilities (31 December 2018: Nil).

26. Events after the Reporting Period

On 8 July 2019, the Company received a letter from the GEM Listing Committee setting out its 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 dated 8 July 2019. On 15 July 2019, the Company submitted a written and subsequently accepted by the GEM Listing (Review) Committee. The Review Hearing has been scheduled to 8 October 2019. Details of the decision of the GEM Listing Committee and update on the listing status are set out in the Company's announcement dated on 10 July 2019.

27. Comparative Figures

The Group has initially applied HKFRS 16 at 1 January 2019. Under the transition methods, comparative information is not restated in terms of the application of HKFRS 16.

The comparative unaudited condensed consolidated statement of profit or loss and other comprehensive income has been re-presented as the operation relating to the provision of non-mainstream cryptocurrency trading was discontinued during the period. Certain comparative amounts have been reclassified to conform to the current period's presentation. In the opinion of the Company's directors, such reclassification provides a more appropriate presentation of the Group's business segments.

MANAGEMENT DISCUSSION AND ANALYSIS

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

BUSINESS REVIEW AND PROSPECT

Rental of Energy-Saving Air-conditioners

The Group recorded approximately HK\$1,397,000 of revenue from the rental of energy-saving air-conditioners business for the six months ended 30 June 2019, representing a decrease of 29.3% compared to the last corresponding period of approximately HK\$1,976,000. The fall in air-conditioning 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. The Group will continue to expand the customer base in the next half year.

Loss of this segment slightly decreased by 18.6% from approximately HK\$4,574,000 for the six months ended 30 June 2018 to approximately HK\$3,722,000 for six months ended 30 June 2019. The improvement has attributed to the implementation of budget control on staff costs and other administrative expenses. The Group will continue to tighten the operating cost in order to maximise the profit margin.

Trading Business

The Group's trading business is mainly engaged in trading of electronic products in the PRC. During the six months ended 30 June 2019, the Group recorded approximately HK\$83,184,000 (30 June 2018: approximately HK\$83,167,000) of revenue from the trading business, representing a slight increase of 0.02% compared to the last corresponding period.

Profit of this segment increased by 4.5% from approximately HK\$1,666,000 for the six months ended 30 June 2018 to approximately HK\$1,741,000 for the six months ended 30 June 2019 in line with the increase of sales volume in the first half year. A prudent manner to access the cash conversion cycle will be continually adopted to minimise the increased credit risk posted by the uncertainties of trade war in between the U.S. and PRC.

Money Lending Business

The Group recorded loans interest income of approximately HK\$750,000 from the money lending business for the six months ended 30 June 2019, representing a decline of 59.1% compared to the last corresponding period of approximately HK\$1,834,000. The loan interest income decreased was due to the drop of loan portfolio size.

As a result of the decrease in the loan interest income, the segment profit of the money lending business decreased by 79.0% from approximately HK\$1,290,000 for the six months ended 30 June 2018 to approximately HK\$271,000 for the six months ended 30 June 2019.

There was no default event happened in respect of the Group's loan portfolio during the period under review. However, the default risk is expected to increase due to the material uncertainties of global economic environment. A prudent attitude to the money lending business will be adopted for better risk management.

Securities Trading Business

The revenue from securities trading business mainly comprised of the brokerage income. The Group recorded approximately HK\$1,058,000 of revenue from securities trading business for the six months ended 30 June 2019, representing a decrease of 40.9% compared to last corresponding period of approximately HK\$1,790,000 in line with the reduction in the total turnover of approximately HK\$427.3 million (30 June 2018: approximately HK\$732.1 million) as a result of the adverse Hong Kong stock market performance.

Loss of this segment increased by 26.0% from approximately HK\$681,000 for the six months ended 30 June 2018 to approximately HK\$858,000 for the six months ended 30 June 2019 in line with the decrease of brokerage income.

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 six months ended 30 June 2019, the Group recorded approximately HK\$142,000 (30 June 2018: approximately HK\$401,000) of revenue from the business. The decrease was caused by the slowdown of the cryptocurrencies market.

The segment loss of approximately HK\$5,969,000 (30 June 2018: gain of approximately HK\$381,000) is caused by the investment in the research and development cost on the enterprise solution for blockchain technology and the decrease on trading volume in both mainstream and non-mainstream cryptocurrencies trading as a result of the decline of the crypto economy.

On 21 June 2019, the Group ceased the business related to the provision of non-mainstream cryptocurrencies trading platform. Details of cessation of the operation are set out in the Company's announcement dated on 21 June 2019.

Discontinued Operation

On 21 June 2019, the Group has ceased its operation relating to the provision of non-mainstream cryptocurrency trading under the blockchain technology related business. The Directors of the Company is of the opinion that the business did not generate enough revenue to cover its operating expenses since its launch from second quarter of 2018. It's not feasible to continue the operation based on the cost and benefit analysis. During the period under review, the Group had generated revenue of approximately HK\$66,000 (30 June 2018: approximately HK\$121,000), representing a decrease of 45.5% compared to the last corresponding period. Loss of this operation decreased by 26.0% from approximately HK\$7,392,000 for the six months ended 30 June 2018 to approximately HK\$5,472,000 for the six months ended 30 June 2019.

Notwithstanding the difficult challenges ahead, the Group will use its best endeavours to take all necessary effective actions and measures that the Board thinks fit with the aim of ensuring the sustainability of the Group's business development.

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2019, the Group's unaudited consolidated revenue was approximately HK\$86,531,000 (30 June 2018: approximately HK\$89,168,000), representing a decrease of 3.0% compared to the corresponding period of last year. The increase was mainly attributed to the economic recession on the first half year.

Other Gains and Losses

The other gains and losses was increased significantly from a net loss of approximately HK\$2,000 for the six months ended 30 June 2018 to a net gain of approximately HK\$1,288,000 for the six months ended 30 June 2019. The substantial increase was mainly attributed to the gain on disposal of property, plant and equipment and the recognition of reversal of loss allowance on the expected credit losses of the trade receivables, other receivables, deposits and prepayments after adoption of Hong Kong Financial Reporting Standard 9 “Financial Instruments” that has changed the Group’s impairment model by replacing the Hong Kong Accounting Standard 39 “incurred loss model” to expected credit losses model.

Selling and Distribution Expenses

The selling and distribution expenses of the Group was approximately HK\$1,424,000 for the six months ended 30 June 2019 (30 June 2018: approximately HK\$548,000), representing an increase of 159.9% comparing to the corresponding period of last year. The increase was driven by the distribution costs derived from the segment of rental of air-conditioners including the repairing and maintenance costs on air-conditioners recalled from the customers who cannot meet the minimum top-up credits. The refurbished air-conditioners will be leased out to new customers.

Administrative and Other Operating Expenses

The administrative and other operating expenses for the six months ended 30 June 2019 amounted to approximately HK\$24,038,000 (30 June 2018: approximately HK\$40,914,000), representing a decrease of 41.2% compared to the corresponding period of last year. The decrease was mainly attributed to (i) the strict cost cutting measures in research and development in blockchain technology related business and ii) the equity-settled share-based payments, which was not incurred in the current period.

Finance Costs

The Group recorded approximately HK\$97,000 (30 June 2018: HK\$nil) of finance costs for the six months ended 30 June 2019. The finance costs are the interest expenses of lease liabilities from the new adoption of HKFRS 16 effective from 1 January 2019.

Cryptocurrencies

As a result of 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 30 June 2019 suffered from a price sink during the first half year, leading to an impairment loss of cryptocurrencies approximately HK\$15,199,000 (30 June 2018: approximately HK\$8,011,000).

Loss for the Period

The loss of the Group decreased from approximately HK\$50,711,000 for the six months ended 30 June 2018 to approximately HK\$41,265,000 for the six months ended 30 June 2019 as no equity-settled share-based payments was incurred and the strict cost cutting measures implemented on the administrative and operating costs in the current period.

Liquidity and Financial Resources

As at 30 June 2019, the Group had total assets of approximately HK\$190,052,000 (31 December 2018: approximately HK\$225,265,000), including net cash and bank balances of approximately HK\$33,464,000 (31 December 2018: HK\$48,982,000).

As at 30 June 2019, current ratio (defined as total current assets divided by total current liabilities was approximately 5.7 (31 December 2018: approximately 8.3). There is no amount due to a related party as at 30 June 2019 (31 December 2018: approximately HK\$5,640,000).

For the six months ended 30 June 2019, the Group financed its operations with fund raising.

Capital Structure

As at 30 June 2019, the Group had shareholders' capital of approximately HK\$41,455,000 (31 December 2018: approximately HK\$41,455,000). The shareholders' capital of the Company is constituted of 1,036,379,025 shares (31 December 2018: 1,036,379,025 shares).

Treasury Policies

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce its exposure to credit risks by performing ongoing credit evaluations of the financial conditions of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

Charges on Group Assets

None of the assets of the Group has been pledged to secure any loan granted to the Group as at 30 June 2019 (31 December 2018: Nil).

Foreign Exchange Exposure

The Group's income and expenditure during the six months ended 30 June 2019 were principally denominated either in Hong Kong dollars ("HK\$") or Renminbi ("RMB"), and most of the assets and liabilities as at 30 June 2019 were denominated either in HK\$ or RMB. The Group did not experience any material impact or difficulties in liquidity on its operations resulting from the fluctuation in exchange rate, and no hedging transaction or forward contract arrangement was made by the Group during the period under review.

SIGNIFICANT INVESTMENTS HELD

As at 30 June 2019 and 31 December 2018, the Group does not have any significant investment in equity interest in any other company and did not own any properties.

FUTURE PLANS FOR MATERIAL INVESTMENT AND CAPITAL ASSETS

The Group did not have any other plans for material investment and capital assets as at 30 June 2019.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Group had no material acquisition or disposal of subsidiaries and affiliated companies during the period under review.

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 has been scheduled on 8 October 2019.

SEGMENT INFORMATION

Details of the Group’s segment information are set out in Note 4 to the unaudited condensed consolidated financial statements of this report.

PRINCIPAL RISKS

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

Difficulties in Recruiting and Retaining Key Personnel

The future growth and success of the blockchain technology related business depend to a significant extent on the continuing service and contribution of the engineers and senior management personnel. 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 managing foreign operations;
- Management distraction;
- Difficulties in understanding 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 derivatives to hedge against and which could impact asset value;
- New and different sources of competition; and
- Different and more stringent user protection, data protection, privacy and other laws, including data localization requirements.

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

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2019, the Group had 98 full-time employees (31 December 2018: 192) in Hong Kong, the PRC and Taiwan. Remuneration is determined with reference to market terms, employment conditions, responsibilities and the performance, qualification and experience of the individual employee. Other benefits include corporate liabilities insurance for the Directors and Officers, contributions to statutory mandatory provident fund scheme to its employees in Hong Kong and social insurance for its employees in the PRC, and are paid at appropriate levels.

USE OF PROCEEDS

The gross proceeds raised from subscription of new shares (the “Subscription of New Shares”) and rights issue (the “Rights Issue”) were approximately HK\$37,885,000 and HK\$103,638,000, respectively. The intended use of net proceeds from the Subscription of New Shares and Rights Issue, utilisation, remaining balance of the proceeds as at 30 June 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 20.00% of the issued share capital of the Company. The net proceeds from the subscription of shares received by the Company was approximately HK\$37,750,000.

The below table sets out intended use of net proceeds, utilisation and the remaining balance of the net proceeds as at 30 June 2019:

	Intended use of net proceeds	Utilisation	Remaining balance as at 30 June 2019
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
Repayment of short-term loan	21.00	(21.00)	–
Expansion of securities trading business	8.00	(3.33)	4.67
General working capital	8.75	(8.75)	–
Total	37.75	(33.08)	4.67

(b) Rights Issue

On 29 March 2017, the Company entered into an underwriting agreement with an underwriter by issuing 345,459,675 rights shares on the basis of one rights share for every two shares on the record date (13 April 2017) at the subscription price of HK\$0.3 per rights shares, representing approximately 50.00% of the then issued shares capital of the Company. The net proceeds raised from the Rights Issue received by the Company was approximately HK\$99,690,000.

As disclosed in the Company's announcement dated on 18 January 2018, the Board as resolved to re-allocate approximately HK\$50.00 million of the unutilised net proceeds (comprising approximately HK\$35.00 million out of the development of securities trading business and approximately HK\$15.00 million out of the development of money lending business) to the Group's investment business sector a view to enhancing the value of the Group as a whole.

The below table sets out the proposed application of net proceeds before and after adjustments and usage up to 30 June 2019:

	Intended use of net proceeds <i>HK\$ million</i>	Reallocations <i>HK\$ million</i>	Utilisation after reallocations up to 30 June 2019 <i>HK\$ million</i>	Remaining balance as at 30 June 2019 <i>HK\$ million</i>
Development of securities trading business	50.00	(35.00)	(15.00)	-
Development of money lending business	25.00	(15.00)	(10.00)	-
Operations of carbon emission trading platform	3.00	-	(3.00)	-
Investment business sector	-	50.00	(37.46)	12.54
General working capital	21.69	-	(21.23)	-
Total	99.69	-	(86.69)	12.54

As the global economic environment and the financial markets are recently affected by substantial adverse factors, the demand on securities and cryptocurrency are slowdown, the continued investment in the investment business sector will increase investment risks.

After careful consideration and detailed evaluation of the Group's operation, on 13 August 2019, the Board resolved to change the remaining unutilised proceeds from Investment business sector to general working capital.

MAJOR EVENTS DURING THE REPORTING PERIOD

(a) Termination of Continuing Connected Transactions

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

(b) Discontinued Operation

Upon the termination date, the group ceased to carry on the business relating to the provision of non-mainstream cryptocurrencies trading.

DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2019 (2018: Nil).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2019.

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

As at 30 June 2019, the interests or short positions of Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (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 required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein or which were to be 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 Position in the Ordinary Shares and Underlying Shares of the Company

(i) 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	10,356,000	-	-	-	10,356,000	10,356,000	1.00%
Ms. Ma Jian Ying	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%

Save as disclosed above, as at 30 June 2019, none of the directors and chief executives of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the standards of dealing by Directors as referred to in Rule 5.48 to 5.67 of the GEM Listing Rules.

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 30 June 2019, the Company has 53,757,500 options outstanding which represented approximately 5.19% 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 six months ended 30 June 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	11 January 2018	Vested upon granted	10,356,000	-	-	-	10,356,000	0.370	11 January 2018 – 9 May 2022
Ms. Ma Jian Ying	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
Employees	18 January 2016	Vested upon granted	6,129,500	-	-	-	6,129,500	0.488 (note)	18 January 2016 – 9 May 2022
Advisers	11 January 2018	Vested upon granted	19,668,000	-	-	(4,140,000)	15,528,000	0.370	11 January 2018 – 9 May 2022
			<u>57,897,500</u>	<u>-</u>	<u>-</u>	<u>(4,140,000)</u>	<u>53,757,500</u>		

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

RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the six months ended 30 June 2019 was the Company or any associated corporation a party to any arrangements to enable the Directors or chief executive of the Company or their respective associates (as defined in the GEM Listing Rules) to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

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

As at 30 June 2019, the following persons/entities (not being Directors or chief executives of our Company) have an interest or a short position in the Shares or the underlying Shares which were disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, which were recorded in the register of the Company required to be kept under Section 336 of the SFO, were as follows:

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

Name of shareholders	Number of shares interested	Capacity in which shares are held	Approximate percentage of issued share capital
Mr. Sun Li Jun	129,547,378	Beneficial owner	12.50%
Mr. Zhu Wei Sha	9,475,000	Beneficial owner	9.02%
Yuxing InfoTech Investment Holdings Limited (<i>note 1</i>)	80,880,000	Interest in controlled corporation	7.80%
Yuxing Group (International) Limited (<i>note 1</i>)	80,880,000	Interest in controlled corporation	7.80%
Yuxing Technology Company Limited (<i>note 1</i>)	80,880,000	Beneficial owner	7.80%

Note: 80,880,000 shares of the Company are held by Yuxing Technology Company Limited which is a wholly-owned subsidiary of Yuxing Group (International) Limited, which in turn is wholly owned by Yuxing InfoTech Investment Holdings Limited. By virtue of the provisions of Part XV of the SFO, each of Yuxing Group (International) Limited and Yuxing InfoTech Investment Holdings Limited was deemed to be interested in the shares of the Company in which Yuxing Technology Company Limited was interested.

Save as disclosed above, as at 30 June 2019, the Company had not been notified by any persons (other than directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall under the provisions of Divisions 2 and 3 of Part XV of the SFO to be disclosed to the Company, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

COMPETITION AND CONFLICT OF INTERESTS

During the six months ended 30 June 2019, none of the Directors, the substantial shareholders or the controlling shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules) has engaged in any business that competes or may compete, either directly or indirectly, with the business of the Group or has any other conflict of interests with the Group.

CORPORATE GOVERNANCE PRACTICES

During the six months ended 30 June 2019, the Board considers the Company has complied with all the provisions of the Corporate Governance Code and Corporate Governance Report (the “CG Code”) as set out in Appendix 15 to the GEM Listing Rules.

AUDIT COMMITTEE

The Company established an audit committee (the “Audit Committee”) with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and the CG Code as set out in Appendix 15 to the GEM Listing Rules. As at the date of this report, the Audit Committee comprises three members, Mr. Leung Wah (Chairman), Ms. Wong Mei Ling and Mr. Qin Hui, all of them are independent non-executive Directors.

The primary duties of the Audit Committee are to assist the Board in fulfilling its audit duties through the review and supervision of the Company’s financial reporting, risk management and internal control principles and procedures, and to make recommendations to the Board on the appointment and dismissal of the external auditor.

The Audit Committee has reviewed the Group’s unaudited interim results for the six months ended 30 June 2019 and is of the opinion that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules, and that adequate disclosures have been made.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors, its employees, and the directors and employees of its subsidiaries, who may likely possess inside information on the Company or its securities on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, the Company was not aware of any non-compliance with such required standard of dealings and its code of conduct regarding securities transactions throughout the period ended 30 June 2019.

CHANGES OF DIRECTORS' INFORMATION UNDER RULE 17.50A(1) OF THE GEM LISTING RULES

The Company is not aware of any change in the Directors' information which are required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules.

SIGNIFICANT EVENT AFTER THE REPORTING PERIOD

On 8 July 2019, the Company received a letter from the GEM Listing Committee setting out its 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 dated 8 July 2019. On 15 July 2019, the Company submitted a written request to the GEM Listing (Review) Committee for a review of the GEM listing Committee Ruling and subsequently accepted by the GEM Listing (Review) Committee. The Review Hearing has been scheduled to 8 October 2019.

Saved as disclosed above, there was no other significant event relevant the business.

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

Executive Directors:

Mr. Chen Ping (*Chairman*)
Ms. Ma Jian Ying (*Co-Chief Executive Officer*)
Ms. Xie Bin (*Co-Chief Executive Officer*)
Mr. Tsang Chun Kit Terence
Mr. Wang An Zhong

Non-executive Director:

Mr. Shi Guang Rong

Independent non-executive Directors:

Mr. Leung Wah
Ms. Wong Mei Ling
Mr. Qin Hui

By order of the Board
Global Token Limited
Ma Jian Ying

Co-Chief Executive Officer and Executive Director

Hong Kong, 13 August 2019