



GLOBAL TOKEN LIMITED

(continued in Bermuda with limited liability)

Stock Code: 8192

69.928

31.012

2020

THIRD QUARTERLY REPORT

24.78

22.10

18.75

8.81



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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 (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.

RESULTS

The board of directors of the Company (the “Board”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months and nine months ended 30 September 2020 respectively together with the comparative unaudited figures for the corresponding periods in 2019 as follows:

Unaudited Condensed Consolidated Statement of Profit or Loss

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Continuing operations					
Revenue	4	105,861	54,379	194,132	139,371
Cost of sales		(99,928)	(51,528)	(183,633)	(131,484)
Gross profit		5,933	2,851	10,499	7,887
Other revenue	4	486	1	652	343
Other gains and losses	5	–	13	1,547	95
Impairment loss on cryptocurrencies		–	(3,489)	(49)	(18,688)
Net reversal of allowance/ (allowance for) for expected credit losses on financial assets at amortised cost		1,202	(56)	1,206	(65)
Selling and distribution expenses		(199)	–	(199)	(75)
Administrative and other operating expenses		(4,655)	(7,047)	(14,497)	(23,211)
Profit/(loss) from operations		2,767	(7,727)	(841)	(33,714)
Finance costs	6	(842)	(15)	(1,769)	(112)
Profit/(loss) before taxation	7	1,925	(7,742)	(2,610)	(33,826)
Taxation	8	(27)	(18)	(27)	(36)
Profit/(loss) for the period from continuing operations		1,898	(7,760)	(2,637)	(33,862)

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	Notes	Three months ended 30 September		Nine months ended 30 September	
		2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Discontinued operations					
Loss for the period from discontinued operations, net of income tax	9	–	(4,699)	(3,544)	(19,862)
Profit/(loss) for the period		1,898	(12,459)	(6,181)	(53,724)
Profit/(loss) for the period attributable to owners of the Company					
– from continuing operations		1,940	(9,468)	327	(38,401)
– from discontinued operations		–	(2,397)	(2,576)	(10,130)
		1,940	(11,865)	(2,249)	(48,531)
(Loss)/profit for the period attributable to non-controlling interests					
– from continuing operations		(42)	1,708	(2,964)	4,539
– from discontinued operations		–	(2,302)	(968)	(9,732)
		(42)	(594)	(3,932)	(5,193)
Profit/(loss) for the period		1,898	(12,459)	(6,181)	(53,724)
Profit/(loss) per share attributable to owners of the Company			(restated)		(restated)
For continuing and discontinued operations					
– Basic and diluted (HK cents)	10	0.19	(1.14)	(0.22)	(4.68)
For continuing operations					
– Basic and diluted (HK cents)	10	0.19	(0.91)	0.03	(3.70)

Unaudited Condensed Consolidated Statement of Other Comprehensive Income

Notes	Three months ended 30 September		Nine months ended 30 September	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
	1,898	(12,459)	(6,181)	(53,724)
Profit/(loss) for the period				
Other comprehensive income/(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	3,501	(3,356)	4,645	(3,419)
Total comprehensive income/(loss) for the period	5,399	(15,815)	(1,536)	(57,143)
Total comprehensive income/(loss) for the year attributable to				
Owners of the Company	5,441	(14,341)	(1,036)	(51,018)
Non-controlling interests	(42)	(1,474)	(500)	(6,125)
	5,399	(15,815)	(1,536)	(57,143)

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 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	-	-	-	-	-	-	-	(48,531)	(48,531)	(5,193)	(53,724)	
Other comprehensive loss, net of income tax: Exchange differences on translating foreign operations	-	-	-	-	-	-	(2,487)	-	(2,487)	(932)	(3,419)	
Total comprehensive loss for the period	-	-	-	-	-	-	(2,487)	(48,531)	(51,018)	(6,125)	(57,143)	
At 30 September 2019 (Unaudited)	41,455	1,030	634,138	11	324	12,514	(15,607)	(492,726)	181,139	(32,769)	148,370	
At 1 January 2020 (Audited)	41,455	1,030	634,138	11	324	11,830	(15,329)	(521,673)	151,786	(34,748)	117,038	
Lapse of share options	-	-	-	-	-	(7,298)	-	7,298	-	-	-	
Transaction with owners	-	-	-	-	-	(7,298)	-	7,298	-	-	-	
Net loss for the period	-	-	-	-	-	-	-	(2,249)	(2,249)	(3,932)	(6,181)	
Other comprehensive income net of income tax: Exchange differences on translating foreign operations	-	-	-	-	-	-	1,213	-	1,213	3,432	4,645	
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	1,213	(2,249)	(1,036)	(500)	(1,536)	
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	(2,843)	(2,843)	
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	212	212	
At 30 September 2020 (Unaudited)	41,455	1,030	634,138	11	324	4,532	(14,116)	(516,624)	150,750	(37,879)	112,871	

Notes to the Unaudited Condensed Consolidated Financial Statements

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 principal activity of the Company is investment holding. The subsidiaries are principally engaged in (i) trading business, (ii) money lending business, (iii) securities trading business and (iv) supercomputing data centre maintenance.

2. Basis of Preparation and Principal Accounting Policies

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

The accounting policies adopted in preparing the unaudited condensed consolidated results for the nine months ended 30 September 2020 are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2019 (the "2019 Financial Statements"), except for the amendments and interpretations of HKFRSs issued by HKICPA which have become effective in this period as detailed in the notes of the 2019 Financial Statements. The adoption of the New HKFRSs has no material impact on the accounting policies in the Group's condensed consolidated financial statements for the period.

3. 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:

- Trading business
- Money lending business
- Securities trading business
- Supercomputing data centre maintenance ("SDC maintenance") (new segment during the nine months ended 30 September 2020)

The segment of rental of energy-saving air-conditioners was discontinued during the year ended 31 December 2019. The segment of blockchain technology related business was discontinued during the nine months ended 30 September 2020.

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

Segment revenues and results

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

Continuing operations

For the nine months ended 30 September 2020:

	Trading business HK\$'000	Money lending business HK\$'000	Securities trading business HK\$'000	SDC Maintenance HK\$'000	Total HK\$'000
Segment revenue	189,842	1,029	1,464	1,797	194,132
Segment results	5,005	2,125	(1,150)	674	6,654
Other revenue					652
Exchange losses, net					(39)
Gain on disposal of cryptocurrencies					1,559
Impairment loss on cryptocurrencies					(49)
Central administrative costs					(9,598)
Finance costs					(1,789)
Loss before taxation from continuing operations					(2,610)

Continuing operations

For the nine months ended 30 September 2019:

	Trading business HK\$'000	Money lending business HK\$'000	Securities trading business HK\$'000	SDC Maintenance HK\$'000	Total HK\$'000
Segment revenue	136,755	1,125	1,491	–	139,371
Segment results	3,172	461	(1,261)	–	2,372
Other revenue					343
Exchange gains, net					5
Impairment loss on cryptocurrencies					(18,688)
Central administrative costs					(17,746)
Finance costs					(112)
Loss before taxation from continuing operations					(33,826)

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

4. Revenue

Revenue arised from sale of electronic products and computer servers, interest income from provision of money lending business and brokerage, commission income from provision of securities trading services and service income from SDC maintenance. Revenue and other revenue recognised during the period are as followings:

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 September		Nine months ended 30 September	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Continuing operations				
Timing of revenue recognition				
Revenue recognised at appoint in time				
Revenue from sale of electronic products and computer servers	103,122	53,571	189,842	136,755
Brokerage and commission income from securities trading business	663	433	1,464	1,491
Revenue from contracts with customers	103,785	54,004	191,306	138,246
Revenue from other source				
Interest income from money lending business	279	375	1,029	1,125
Service income from SDC maintenance	1,797	–	1,797	–
	105,861	54,379	194,132	139,371
Other revenue				
Bank interest income	4	1	11	3
Government subsidy (Note)	416	–	575	–
Sundry income	66	–	66	340
	486	1	652	343

Note: The Group has received the government grants from HKSAR Government under the Anti-epidemic Fund during the outbreak of the COVID-19 pandemic.

5. Other Gains and Losses

	Three months ended		Nine months ended	
	30 September		30 September	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Continuing operations				
Exchange gains/(losses), net	-	13	(39)	5
Gain on disposal of cryptocurrencies	-	-	1,559	-
Gain on disposal of property, plant and equipment	-	-	7	78
Gain on termination of lease arrangement	-	-	20	12
	-	13	1,547	95

6. Finance Costs

	Three months ended		Nine months ended	
	30 September		30 September	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Continuing operations				
Interest expenses on lease liabilities	77	15	256	112
Interest expenses on shareholders' loan	765	-	1,513	-
	842	15	1,769	112

7. Profit/(loss) before Taxation

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

	Three months ended		Nine months ended	
	30 September		30 September	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Continuing operations				
Directors' emoluments	60	481	1,009	1,415
Employee benefit expenses (excluding directors' emoluments)				
– Salaries, bonus and allowances	2,027	2,687	4,942	7,742
– Retirement benefits scheme contribution	99	94	236	257
Depreciation				
– Property, plant and equipment	161	381	633	1,554
– Right-of-use assets	744	818	2,250	2,705
Costs of inventories recognised as an expense	98,482	51,528	182,187	131,484
Net (reversal of allowance)/allowance for expected credit losses on financial assets at amortised costs	(1,202)	56	(1,206)	65
Gain on disposal of property, plant and equipment	–	–	(7)	(78)
Gain on disposal of cryptocurrencies	–	–	(1,559)	–
Impairment loss on cryptocurrencies	–	3,489	49	18,688

8. Taxation

	Three months ended		Nine months ended	
	30 September		30 September	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Continuing operations				
Current tax:				
Hong Kong profits tax	–	18	–	36
PRC tax	27	–	27	–
	27	18	27	36

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

The Hong Kong Profits Tax is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and 16.5% on the estimated assessable profits above HK\$2 million for the nine months ended 30 September 2020 and 2019. No provision for taxation has been provided for in the unaudited condensed consolidated financial statements for the nine months ended 30 September 2020 as the subsidiaries of the Company in Hong Kong had accumulated tax losses brought forward which exceeded the estimated assessable profits for the period.

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

9. Discontinued Operations

- (i) On 30 December 2019, the Group entered into a sale and purchase agreement to disposal of its entire interests in Shenzhen Shun Tian Yun Environmental Technology Limited to an independent third party at a consideration of RMB2,800,000 (equivalent to HK\$3,066,000) and amount of RMB560,000 (equivalent to approximately HK\$626,000) in respect of the consideration had been received by the Group. The disposal was completed on 23 April 2020.

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

	Three months ended 30 September		Nine months ended 30 September	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Loss for the period from discontinued operation	-	(950)	(1,708)	(4,672)
Gain on disposal of discontinued operation	-	-	220	-
	-	(950)	(1,488)	(4,672)

The loss for the period from the discontinued rental of energy-saving air-conditioners business is set out below. The comparative figures in the unaudited condensed 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:

	Three months ended 30 September		Nine months ended 30 September	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Revenue	-	674	123	2,071
Cost of sales	-	(1,564)	(1,817)	(4,787)
Gross profit	-	(890)	(1,694)	(2,716)
Other revenue	-	-	447	-
Other gains and losses	-	-	(2)	-
Gain on disposal of property, plant and equipment	-	-	-	846
Selling and distribution expenses	-	(66)	(31)	(1,410)
Administrative and other operating expenses	-	6	(428)	(1,392)
Loss before taxation	-	(950)	(1,708)	(4,672)
Taxation	-	-	-	-
Loss for the period from discontinued operation	-	(950)	(1,708)	(4,672)

The net assets of the disposed subsidiary as at the date of the disposal were as follows:

Net assets disposal of:

	<i>HK\$'000</i>
Property, plant and equipment	6,544
Other receivables, deposits and prepayments	4,901
Cash and cash equivalents	74
Trade payables	(4,548)
Accruals, deposits received and other payables	(3,840)
Amount due to a director	(285)
Net assets disposal of	2,846

Gain on disposal of a subsidiary

	<i>HK\$'000</i>
Consideration received	3,066
Net assets disposal of	2,846
Gain on disposal	220

Net cash inflow from disposal of a subsidiary

	<i>HK\$'000</i>
Consideration received in cash and cash equivalents	626
Less: cash and cash equivalent balances disposed of	(74)
Net cash inflow from disposal of a subsidiary	552

- (ii) On 15 May 2020, the board of Directors of the Company approved to discontinue the entire blockchain technology related business given the unsatisfactory financial performance of blockchain technology related business.

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

	Three months ended 30 September		Nine months ended 30 September	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss for the period from discontinued operation	-	(3,749)	(267)	(15,190)
Loss on disposal of discontinued operation	-	-	(1,789)	-
	-	(3,749)	(2,056)	(15,190)

The loss for the period from the discontinued blockchain technology related business is set out below. The comparative figures in the unaudited condensed consolidated statement of profit or loss and other comprehensive income have been restated to re-present the blockchain technology related business as a discontinued operation.

	Three months ended 30 September		Nine months ended 30 September	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	-	-	-	207
Cost of sales	-	-	-	-
Gross profit	-	-	-	207
Other gains and losses	-	(15)	-	(84)
Net reversal of allowance for expected credit losses on financial assets at amortised costs	-	-	-	370
Impairment loss on cryptocurrencies	-	-	(79)	-
Selling and distribution expenses	-	(28)	-	(176)
Administrative and other operating expenses	-	(3,706)	(188)	(15,507)
Loss before taxation	-	(3,749)	(267)	(15,190)
Taxation	-	-	-	-
Loss for the period from discontinued operation	-	(3,749)	(267)	(15,190)

On 1 April 2020, the Group entered into a sale and purchase agreement ("SP Agreement") with an independent third party for the disposal of its entire interest 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 of Bitcoin to the Group (the "Disposal and Acquisition"). The Disposal Group was principally engaged in operating of non-mainstream cryptocurrency trading business. The Disposal and Acquisition were completed on the same date.

The net assets of the disposed subsidiaries as at the date of disposal were as follows:

Net assets disposal of:

	<i>HK\$'000</i>
Property, plant and equipment	1,389
Cryptocurrencies	664
Cash and cash equivalents	2,359
Amount due to a related party	(1,200)
Receipts in advance	(23)
Net assets disposal of	3,189

Loss on disposal of subsidiaries

	<i>HK\$'000</i>
Consideration received	1,400
Net assets disposal of	3,189
Loss on disposal	(1,789)

Net cash outflow from disposal of subsidiaries

	<i>HK\$'000</i>
Consideration received in cash and cash equivalents	-
Less: cash and cash equivalent balances disposed of	(2,359)
Net cash outflow from disposal of subsidiaries	(2,359)

10. Profit/(loss) per Share

	Three months ended 30 September		Nine months ended 30 September	
	2020	2019	2020	2019
Profit/(loss) for the period attributable to the owners of the Company (<i>HK\$</i>)				
– for continuing and discontinued operations	1,940,000	(11,865,000)	(2,249,000)	(48,531,000)
– for continuing operations	1,940,000	(9,468,000)	327,000	(38,401,000)
– for discontinued operations	–	(2,397,000)	(2,576,000)	(10,130,000)
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 profit/(loss) per share (<i>HK cents</i>)				
– for continuing and discontinued operations	0.19	(1.14)	(0.22)	(4.68)
– for continuing operations	0.19	(0.91)	0.03	(3.70)
– for discontinued operations	–	(0.23)	(0.25)	(0.98)

Basic profit/(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 profit/(loss) per share for the nine months ended 30 September 2020 and 2019 are the same because the effect of the assumed conversion of all dilutive potential ordinary shares outstanding during the period under review was anti-dilutive.

11. Dividend

The Board does not recommend the payment of a dividend for the nine months ended 30 September 2020 (30 September 2019: Nil).

12. Events after the Reporting Period

Acquisition of right-of-use asset in relation to a lease agreement

On 6 November 2020, Weilan Environmental Protection Technology Service (Shenzhen) Limited, an indirect wholly-owned subsidiary of the Company, entered into a lease agreement with Huibei Zhidianlian Technology Limited in respect of the lease of the well built-up supercomputing data centre infrastructure, which is located in Northwest Industrial Park in Manasi county, Changji, Xinjiang, for a term of five years commencing from 11 November 2020 to 10 November 2025 for the business development to the leasing of data centre facilities. The tenancy of Premises will be recognised as right-of-use asset of an amount of approximately HK\$6,600,000, which is calculated with reference to the present value of the aggregated lease payments to be made under the lease agreement pursuant to HKFRS 16. Details of the acquisition of right-of-use asset in relation to the lease agreement are set out in the Company's announcement dated 6 November 2020.

13. Comparative Figures

The comparative unaudited condensed consolidated statement of profit or loss and other comprehensive income has been re-presented as the rental of energy-saving air-conditioners business and the blockchain technology related business was discontinued during the year ended 31 December 2019 and the nine months ended 30 September 2020, respectively. Certain comparative amounts have been reclassified to conform to the current period's presentation. In the opinion of the Directors of the Company, such reclassification provides a more appropriate presentation of the Group's business segments.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is principally engaged in (i) trading business, (ii) money lending business, (iii) securities trading business and (iv) supercomputing data centre maintenance (“SDC Maintenance”).

The blockchain technology related business was discontinued during the nine months ended 30 September 2020.

BUSINESS REVIEW AND PROSPECT

Trading Business

The Group’s trading business was mainly engaged in trading of electronic product and computer servers in the PRC. At the end of the second quarter, the Group expanded its trading business to cover the market of computer servers in the PRC. During the nine months ended 30 September 2020, the Group recorded approximately HK\$189,842,000 (30 September 2019: approximately HK\$136,755,000) of revenue from the business, in which of approximately HK\$48,527,000 was generated from the trading of computer servers. The expansion to the new market contributes to a growth of 38.8% compared to the last corresponding period.

Profit of this segment increased by 57.8% from approximately HK\$3,172,000 for the nine months ended 30 September 2019 to approximately HK\$5,005,000 for the nine months ended 30 September 2020 in line with the increase of revenue in the trading of computer servers. A prudent manner to access the cash conversion cycle and the credibility of customers will be continually adopted to manage the credit risk posed by the economic uncertainties raised from the novel coronavirus pneumonia (“COVID-19”) outbreak.

Money Lending Business

The Group recorded loans interest income of approximately HK\$1,029,000 (30 September 2019: approximately HK\$1,125,000) for the nine months ended 30 September 2020, representing a slight decrease of 8.5% compared to the last corresponding period.

The segment profit of money lending business increased from approximately HK\$461,000 for the nine months ended 30 September 2019 to approximately HK\$2,125,000 for the nine months ended 30 September 2020. The significant growth was attributed by the recovery of the loss allowance of loans receivables from Infinity Wealth International Limited (“Infinity Wealth”). Infinity Wealth failed to repay the loan on 8 September 2020 and the creditor’s right on the principals of the loans together with the outstanding interest was assigned to an independent third party on 25 September 2020. Details of the default of loan agreement and assignment of creditor’s rights are set out in the Company’s announcements dated 23 September 2020 and 25 September 2020, respectively.

Except from the default event captioned above, no other default event was 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 the global economic environment affected by the recent outbreak of COVID-19. A prudent attitude to better the default risk management of the money lending business will be adopted by carefully assessing the credibility of the potential customers. The business is now focused on the small size of loans in order to diversify the high default risk.

Securities Trading Business

The revenue from securities trading business mainly comprised of the brokerage and commission income. The Group recorded approximately HK\$1,464,000 of revenue from securities trading business for the nine months ended 30 September 2020, representing a slight decrease of 1.8% compared to the last corresponding period of approximately HK\$1,491,000. The fall was aligned with the decrease in the total turnover of approximately HK\$525.8 million (30 September 2019: approximately HK\$567.8 million). The decrease of the revenue was attributed by the recent outbreak of COVID-19.

Loss of this segment decreased by 8.8% from approximately HK\$1,261,000 for the nine months ended 30 September 2019 to approximately HK\$1,150,000 for the nine months ended 30 September 2020 due to the strict cost cutting measures.

SDC Maintenance

The Group commenced the new business segment of SDC Maintenance through the acquisition of 90% equity interest in Chengdu Shuwa Technology Company Limited ("Chengdu Shuwa"), a company incorporated in the PRC with limited liability. Chengdu Shuwa was mainly engaged in provision of supercomputing data centre maintenance services to small and medium-sized enterprises including directing, coordinating and monitoring the daily operation of the data centre facilities of the customers. The acquisition was completed on 14 August 2020.

The Group recorded approximately HK\$1,797,000 of revenue and approximately HK\$674,000 of segment profits for the nine months ended 30 September 2020. Chengdu Shuwa will continue to expand the customer base and explore more business opportunities to the segment.

Discontinued Operations

(i) *Rental of Energy-Saving Air-conditioners*

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 at a consideration of RMB2,800,000 (equivalent to approximately HK\$3,066,000). 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 period under review, the Group recorded approximately HK\$123,000 (30 September 2020: approximately HK\$2,071,000) of revenue from the business. Segment loss had been decreased by 68.2% from approximately HK\$4,672,000 for the nine months ended 30 September 2019 to approximately HK\$1,488,000 for the nine months ended 30 September 2020, in which approximately HK\$220,000 are the gain on disposal of the discontinued operation.

(ii) *Blockchain Technology Related Business*

The blockchain technology related business is mainly engaged in (i) mainstream cryptocurrencies trading, (ii) non-mainstream cryptocurrencies trading business and (iii) enterprise solution for blockchain technology.

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. On 15 May 2020, the board of Directors of the Company approved to discontinue the remaining sub-segments given the underperformance of the business.

During the nine months ended 30 September 2020, no revenue (30 September 2019: approximately HK\$207,000) was generated from this segment. The segment loss of approximately HK\$2,056,000 (30 September 2019: approximately HK\$15,190,000), in which approximately HK\$1,789,000 (30 September 2019: approximately HK\$Nil) was contributed by the loss on disposal of the non-mainstream cryptocurrency trading business, was significantly reduced due to cease of operation during the period.

The Group is actively expanding its network of internet data centre ("IDC") industry in the existing trading business and SDC Maintenance, and also showing its ambitions to the leasing of data centre facilities. To cope with the strong demand for cloud computing and the significant growth of the digital economy in China, the Group will commence the leasing of data centre facilities together with its existing synergies on maintenance services on the data centre facilities. On 6 November 2020, Weilan Environmental Protection Technology Service (Shenzhen) Limited ("Shenzhen Weilan"), an indirect wholly-owned subsidiary of the Company, had entered into a lease agreement on a well built-up supercomputing data centre infrastructures located on Northwest Industrial Park in Manasi county, Changji, Xinjiang ("Xinjiang Infrastructure") in a term of 5-years with effect from 11 November 2020. At the date of this report, Shenzhen Weilan had taken over the Xinjiang Infrastructure and has used its best endeavours to explore more potential customers. With the new development to the leasing of data centre facilities, the Directors of the Company believes that the business development in internet data centre industry will bring a stable return to the Group and an increase to the Group's overall profitability.

FINANCIAL REVIEW

Revenue

For the nine months ended 30 September 2020, the Group's unaudited consolidated revenue was approximately HK\$194,132,000 (30 September 2019: approximately HK\$139,371,000), representing an increase of 39.3% compared to the corresponding period of last year. The increase was mainly attributed by the expansion of trading market to computer servers and the commencement of new business segment in SDC Maintenance.

Other Revenue

The Group recorded approximately HK\$652,000 (30 September 2019: approximately HK\$343,000) of other revenue for the nine months ended 30 September 2020, mainly comprised of the government grants under the Anti-epidemic Fund.

Other Gains and Losses

The other gains and losses was increased significantly from a net gain of approximately HK\$95,000 for the nine months ended 30 September 2019 to a net gain of approximately HK\$1,547,000 for the nine months ended 30 September 2020. The increase was attributed to the gain on disposal of cryptocurrencies of approximately HK\$1,559,000 (30 September 2019: a gain of approximately HK\$Nil).

Selling and Distribution Expenses

The selling and distribution expenses of the Group was approximately HK\$199,000 for the nine months ended 30 September 2020 (30 September 2019: approximately HK\$75,000). The increase was attributed by the distribution costs from the segment of SDC maintenance.

Administrative and Other Operating Expenses

The administrative and other operating expenses for the nine months ended 30 September 2020 amounted to approximately HK\$14,497,000 (30 September 2019: approximately HK\$23,211,000), representing a decrease of 37.5% compared to the corresponding period of last year. The decrease was mainly attributed to the cease operation of entire blockchain technology related business and the cost-cutting measures in other corporate expenses.

Finance Costs

The Group recorded approximately HK\$1,769,000 (30 September 2019: approximately HK\$112,000) of finance costs for the nine months ended 30 September 2020. The increase was caused by the interest expenses on the financial assistance from substantial shareholders.

Cryptocurrencies

The Group's investment in cryptocurrencies (which is classified as "cryptocurrencies" in the condensed consolidated statement of financial position) mainly comprised of approximately 111.7 million units of XPA and approximately 28.3 units of Bitcoin as at 30 September 2020. As a result of the stabilised market price on cryptocurrencies, an impairment loss on cryptocurrencies decreased significantly compared to the corresponding period of last fiscal year to approximately HK\$49,000 (30 September 2019: approximately HK\$18,688,000) for the nine months ended 30 September 2020.

Loss for the Period

The loss for the period was decreased from approximately HK\$53,724,000 for the nine months ended 30 September 2019 to approximately HK\$6,181,000 for the nine months ended 30 September 2020, in which approximately HK\$3,544,000 (30 September 2019: approximately HK\$19,862,000) was attributed by the loss from discontinued operations and taken into account of 57.3% (30 September 2019: 37.0%) of the total loss for the period. The apparent improvement was mainly attributed to (i) the reduced operating cost in the ceased blockchain technology related business; (ii) the market price upward of cryptocurrencies resulting in a gain on the disposal of cryptocurrencies and decrease in the impairment loss of cryptocurrencies, and (iii) growth of the gross profit margins from the expansion of trading business and the commencement of new business segment of SDC Maintenance.

By implementation of strict cost cutting measures and the exploring of other business opportunities in the IDC industry, the quarterly financial performance had been improved to a profit of approximately HK\$1,898,000 for the three months ended 30 September 2020.

Liquidity and Financial Resources

As at 30 September 2020, the Group had total assets of approximately HK\$249,920,000 (31 December 2019: approximately HK\$148,044,000), including net cash and bank balances of approximately HK\$19,895,000 (31 December 2019: approximately HK\$19,045,000).

As at 30 September 2020, current ratio (defined as total current assets divided by total current liabilities) was approximately 3.4 (31 December 2019: approximately 5.0).

For the nine months ended 30 September 2020, the Group financed its operations with substantial shareholders' loan. The Group received financial assistance from substantial shareholders amounted to approximately HK\$61,400,000 during the nine months ended 30 September 2020 (31 December 2019: approximately HK\$Nil).

Capital Structure

As at 30 September 2020, the Group had shareholders' capital of approximately HK\$41,455,000 (31 December 2019: approximately HK\$41,455,000). The shareholders' capital of the Company is constituted of 1,036,379,025 shares (31 December 2019: 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 September 2020 (31 December 2019: Nil).

Foreign Exchange Exposure

The Group's income and expenditure during the nine months ended 30 September 2020 were principally denominated either in Hong Kong dollars ("HK\$") or Renminbi ("RMB"), and most of the assets and liabilities as at 30 September 2020 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 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. On 29 September 2020, the Company has submitted a resumption proposal (“Resumption Proposal”) to demonstrate the re-compliance of Rule 17.26 of the GEM Listing Rules. On 12 October 2020, the Company received a letter from the Stock Exchange stating its doubt about the viability to the Resumption Proposal. In response to the concerns from the Stock Exchange, the Company has submitted a reply letter on 23 October 2020 to address the progress of the resumption plans and the further actions will be taken.

MAJOR EVENTS DURING 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. 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 Substantial Shareholders

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.

On 26 March 2020, Mr. Zhu Wei Sha, a substantial shareholder of the Group, advanced a loan in the amount of HK\$1,400,000. The loan is unsecured, interest at 4.0% per annum and repayable on 26 September 2021.

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.

Commencement of New Business Segment in SDC Maintenance

The Group commenced the new business segment of SDC Maintenance through the acquisition of 90% equity interest in Chengdu Shuwa, which was mainly engaged in provision of supercomputing data centre maintenance services to small and medium-sized enterprises including directing, coordinating and monitoring the daily operation of the data centre facilities of the customers. The acquisition was completed on 14 August 2020.

DIVIDENDS

The Board does not recommend the payment of dividend for the nine months ended 30 September 2020 (30 September 2019: Nil).

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the nine months ended 30 September 2020.

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 September 2020, 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

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. 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 September 2020, 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 to 8 May 2022, 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 quote 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 sheets for the five business days immediately preceding the date of grant; and
- (c) the nominal value of a Share.

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 duplicate of 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 September 2020, the Company has 17,517,500 options outstanding which represented approximately 1.69% of the total number of issued shares of the Company as at that date.

The following table discloses movements in the Company's share options during the nine months ended 30 September 2020:

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	10,366,000	-	-	(10,366,000)	-	0.370	11 January 2018 – 9 May 2022
Ms. Ma Jian Ying (Note 2)	11 January 2018	Vested upon granted	10,366,000	-	-	(10,366,000)	-	0.370	11 January 2018 – 9 May 2022
Mr. Tsang Chun Kit, Terence	11 January 2018	Vested upon granted	10,366,000	-	-	-	10,366,000	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 3)	18 January 2016 – 9 May 2022
Advisers	11 January 2018	Vested upon granted	12,420,000	-	-	(12,420,000)	-	0.370	11 January 2018 – 9 May 2022
			50,649,500	-	-	(33,132,000)	17,517,500		

Notes:

- Mr. Chen Ping resigned as the chairman and executive Director of the Board on 16 March 2020.
- Ms. Ma Jian Ying resigned as the co-chief executive officer and executive Director of the Board on 23 April 2020.
- 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 nine months ended 30 September 2020 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 September 2020, 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:

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	93,475,000	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	80,880,000	Beneficial owner	7.80%

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

Save as disclosed above, as at 30 September 2020, 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 nine months ended 30 September 2020, 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 nine months ended 30 September 2020, 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. Hu Xiaoming, 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 third quarterly results for the nine months ended 30 September 2020 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 nine months ended 30 September 2020.

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

Acquisition of right-of-use asset in relation to a lease agreement

On 6 November 2020, Shenzhen Weilan, entered into a lease agreement with Huibei Zhidianlian Technology Limited in respect of the lease of the well built-up supercomputing data centre infrastructure, which is located in Northwest Industrial Park in Manasi county, Changji, Xinjiang, for a term of five years commencing from 11 November 2020 to 10 November 2025 for the business development to the leasing of data centre facilities. The tenancy of Premises will be recognised as right-of-use asset of an amount of approximately HK\$6,600,000, which is calculated with reference to the present value of the aggregated lease payments to be made under the lease agreement pursuant to HKFRS 16. Details of the acquisition of right-of-use asset in relation to the lease agreement are set out in the Company's announcement dated 6 November 2020.

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. Guo Yong (*Chairman*)

Mr. Tsang Chun Kit Terence

Mr. Wang An Zhong

Mr. Chen Biao

Non-executive Director:

Mr. Shi Guang Rong

Independent non-executive Directors:

Mr. Leung Wah

Ms. Wong Mei Ling

Mr. Hu Xiaoming

On behalf of the Board

Global Token Limited

Guo Yong

Chairman and Executive Director

Hong Kong, 13 November 2020