



Crypto Flow

Crypto Flow Technology Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8198)

www.cryptoflowhk.com



2023

THIRD QUARTER 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 Crypto Flow Technology Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. 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.*

MANAGEMENT DISCUSSION AND ANALYSIS

The board (the “**Board**”) of directors (the “**Directors**”) of Crypto Flow Technology Limited (the “**Company**”) hereby announces the unaudited condensed consolidated results of the Company and its subsidiaries (the “**Group**”) for the nine-month period ended 30 September 2023 (the “**Reporting Period**”) as follows:

Business Review

The Group is principally engaged in (i) the provision of data analysis and storage services (the “**Big Data Centre Services**”); and (ii) money lending business in Hong Kong (the “**Money Lending Business**”).

Big Data Centre Services

The Group operates big data centre to provide comprehensive services including premises, hardware support, power supply, ancillary supervision and management services to our clients.

The big data centre in Hong Kong, with a maximum processing capacity of approximately 1,400 kWh, commenced business in November 2021 and generated a revenue of approximately HK\$16.2 million in the Reporting Period.

As disclosed in the announcement of the Company dated 3 January 2023, 11 January 2023 and 7 February 2023, and in the circular dated 28 February 2023 (“**the Disposal**”), the Group completed the Disposal of Brighten Express Limited, the then wholly-owned subsidiary of the Company, and its subsidiaries with the three big data centres in Sichuan Province, the People’s Republic of China (the “**PRC**”). In order to comply with the relevant PRC laws and regulations, all the big data centres in Sichuan Province ceased operation before 2022 and generated no revenue in the Reporting Period.

During the Reporting Period, the Big Data Centre Services generated a revenue of approximately HK\$16.2 million, representing a decrease of approximately HK\$4.5 million as compared to the corresponding period in 2022, which was primarily due to lower rental fee on each data processor being hosted in 2023 due to the decreasing price of cryptocurrency in the Reporting Period.

Money Lending Business

In order to leverage our corporate expertise and resources to broaden income source, an indirect wholly-owned subsidiary of the Company, Might Winner Limited, obtained a money lender's license under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) in January 2020.

On 3 April 2020, a loan in the principal amount of HK\$30 million for a term of 24 months at an interest rate of 10% per annum (the "**Loan**"), was granted to an independent third party. On 1 April 2022, the Group entered into a supplemental loan agreement with the borrower and the guarantor to extend the repayment date of the Loan by 24 months to 2 April 2024 at an interest rate of 10% per annum.

On 6 July 2023, the Group entered into another loan agreement (the "**2nd Loan Agreement**") with the other independent third party in the principal amount of HK\$3 million at an interest rate of 10% per annum for a term of 24 months (the "**2nd Loan**"). Interests for the first 12 months shall be repaid in the first year and the principal amount and interests for remaining period shall have been repaid on or before 5 July 2025.

During the Reporting Period, the Money Lending Business generated a revenue of approximately HK\$2.3 million.

Internal control procedures

The Group has implemented and adhered to a set of internal control measures governing its money lending activities, so as to ensure a holistic approach to risk management and safeguard the interests of the Company and the shareholders of the Company. In relation to credit risk assessment, credit approval, and continuous monitoring of loan recoverability and collection, the Group has established key internal control procedures.

1. *Credit risk assessment*

Upon receipt of a prospective client's application, the money lending control team (the "TMLCT"), comprising the chief executive officer of the Company and personnel from the accounting and company secretary departments, will conduct a credit risk assessment in accordance with relevant laws and regulations in Hong Kong. This assessment will evaluate and analyze the prospective client's credit rating, repayment capacity, financial status, and overall credit risk.

The credit risk assessment includes an evaluation of various aspects of the prospective client or guarantor (as applicable) and review of corresponding documents, including but not limited to, the following:

- a. Know-your-client process documents received during the processes listed in items (b) to (h) below.
- b. Identity verification and authentication such as identity card and/or passport; for corporate entities: business registration certificate, certificate of incorporation, and constitutional documents, among others.
- c. Historical credit records and rating such as credit and/or litigation search (if any).
- d. Purpose of loan, repayment plan, and source of funds for repayment such as loan application form, bank statement, and asset/worth proof (if any).
- e. Cash flows, assets, and liabilities (whether actual or contingent). For individuals: bank statement, income proof such as salary slip or tax return/demand note, and/or asset/worth proof; for corporate entities: audited financial statements, management accounts, and sales contract(s) (where applicable).
- f. Interview in person or, on-site visit in the case of corporate clients.
- g. The overall risk level of provision of the loan risk assessment conducted by the TMLCT.
- h. Other matters as may be considered necessary by the TMLCT case by case.

Meanwhile, the company secretary department will carry out a name screening to verify any connected person relationship under the GEM Listing Rules and the management will engage independent valuer(s) to appraise the value of assets/collaterals proposed by the prospective clients or guarantor (if applicable).

2. Credit approval

The TMLCT will prepare a preliminary proposal, based on the outcomes of the aforementioned credit risk assessment, to establish the principal amount, interest rate, and tenure of the loan, on a case-by-case basis. The proposal will then be forwarded to the accounting team for additional review. The interest rate decided upon should align with the risk level associated with the transaction, subject to relevant legal restrictions and guidelines.

Upon receipt of all documents pertaining to the loan application by the TMLCT, the accounting team, which plays a pivotal role in supervising the Group's internal control procedures, will conduct an independent assessment of the complete application. Additionally, the accounting team will undertake size tests for each transaction contemplated and consider compliance requirements under the GEM Listing Rules, including but not limited to announcements, notification and approval requirements from shareholders. When necessary, the accounting team may consult with the Company's legal or financial adviser. Loan applications that have successfully undergone the above procedures will be forwarded to the Board, or the Company's shareholders (as appropriate) for approval, in compliance with the transaction size specified by the relevant percentage ratios under the GEM Listing Rules.

3. Ongoing monitoring of loan recoverability and loan collection

- a. Regarding the clients who have borrowed money, the financial department establishes a separate sub-account for each client in its loan register, which includes updated information such as the principal loan amount, repayment schedule for principal and interest, and repayment records. These records undergo review and approval by the financial controller and the chief executive officer.

- b. Upon receipt of clients' repayments, the financial department is responsible for verifying the repayment amount against the repayment schedule. If any discrepancy is identified, the TMLCT will be notified to follow up with the relevant client.
- c. To mitigate the Group's credit risk exposure, the management and the TMLCT perform quarterly reviews to monitor loan collection and recoverability, identify potential risks and issues, and develop mitigating measures.
- d. In the event of a default by a client, the financial department will issue an overdue notice to the defaulting client and report the case to the management and the TMLCT. The TMLCT will closely monitor the situation by reviewing the reasons for the default, assessing the loan's recoverability, and directing appropriate action on a case-by-case basis. If the overdue persists after the issuance of the overdue notice, the TMLCT may instruct its legal representative to issue demand letters to the defaulting clients, including a final warning. If warranted, the TMLCT may consider initiating legal action against the defaulting client after seeking legal advice.

Financial Review

The Group is engaged in two operating segments which are (1) Big Data Centre Services, and (2) Money Lending Business. The Group recorded a total revenue of approximately HK\$18.5 million during the Reporting Period (nine-month period ended 30 September 2022: HK\$22.9 million), representing a decrease of HK\$4.4 million, which comprised the following:

(1) Big Data Centre Services

Revenue contributed by the Big Data Centre Services amounted to approximately HK\$16.2 million for the Reporting Period, representing a decrease of HK\$4.5 million as compared to the corresponding period in 2022 (nine-month period ended 30 September 2022: HK\$20.7 million).

(2) Money Lending Business

Revenue generated from Money Lending Business amounted to approximately HK\$2.33 million for the Reporting Period, representing an increase of HK\$0.08 million as compared to the corresponding period in 2022 (nine-month period ended 30 September 2022: HK\$2.25 million).

Operating Results

The Group recorded a loss of approximately HK\$11.3 million for the Reporting Period, representing a decrease of HK\$18.4 million or 62% as compared to a loss of HK\$29.7 million for the corresponding period in 2022, which was mainly attributable to the combined effect of:

- (i) increase in gross profit of approximately HK\$6.6 million of the Big Data Centre Services owing to the decrease in the consumption of electricity by customers due to the relatively lower market price of cryptocurrency affecting customers' margin;
- (ii) decrease in the provision of impairment of fixed assets of approximately HK\$5.3 million which was mainly due to the provision made for the idle data processors in Kazakhstan in 2022;
- (iii) decrease in staff cost of approximately HK\$2.1 million attributable to the decreased number of employees due to the Disposal;
- (iv) decrease in the disposal loss of approximately HK\$11.6 million from the Disposal;
- (v) offset by the increase in provision for impairment loss of approximately HK\$1.2 million under expected credit loss model on trade receivable;
- (vi) offset by the increase in the consultant fee of approximately HK\$2.5 million which was due to the construction of big data centre by Your Choice Investment Inc. ("YCI"), a wholly owned subsidiary of the Company; and
- (vii) offset by the increase in the professional fee of approximately HK\$2.2 million which was mainly due to the Disposal and the acquisition of 55% equity interest in Your Choice Ever Best, Inc. ("**Your Choice**") as disclosed in the announcement of the Company dated 16 March 2023.

Outlook

In response to the “Policy Statement on the Development of Virtual Assets in Hong Kong” released by The Hong Kong Finance and Treasury Bureau, the Company has been performing research on the technology of blockchain, the technological application of web3.0 and the business models of support platforms. The Company has also been recruiting certain talents in blockchain related technology. Going forward, the Company would devote resources into the research and development of blockchain technology and the technological application of web3.0, with an aim to provide blockchain related application services. In order to achieve a balance of opportunities and risk management, the Company would adhere and follow the rules and regulations in relation to the sectors of blockchain and web3.0.

The Company will continuously review on the operations and financial position of the Group for the purpose of formulating business plans and strategies for the Group’s long-term business development and will explore other business opportunities for the Group. Subject to the results of the review, and should suitable investment or business opportunities arise, the Company may consider whether any assets and/or business acquisitions or disposals by the Group will be appropriate in order to enhance its growth.

The Company continuously commits to the development of big data centres in line with the Group’s overall development strategy in order to seize opportunities to meet market demand and expand our big data centre business. The Company will expand the existing businesses of the Group through, among others, the development of big data centre(s) in the overseas markets including, but not limited to, the North America and Southeast Asia regions.

Following the completion of Disposal on 11 January 2023, the Company has been focusing on business development and expansion with two major development projects as follows:

1. As disclosed in the announcement of the Company dated 16 March 2023 (the “**Acquisition**”), the Company has entered into a sales and purchase agreement with independent third parties to purchase 55% equity interest in Your Choice, a company incorporated in the state of Delaware of the United States of America (“**USA**”). Your Choice is principally engaged in the operation of the big data centre in the USA. As at the date of this report, the Acquisition has not yet been completed.

2. With reference to the announcement of the Company dated 6 April 2023, YCI, a wholly-owned subsidiary of the Company, and Green Land Energy Inc. (“GLE”) entered into the agreement in relation to the provision of consultancy services by GLE to YCI for the construction of the big data centre. GLE will provide the consultancy services to YCI in relation to the construction of the new big data centre (the “**Construction**”) to be developed and operated by YCI in the USA.

The Company plans to complete the Construction in the USA in the fourth quarter of 2023. In addition to the consultancy fee to GLE, as at 30 September 2023, YCI has entered into different contracts with several construction companies and equipment suppliers in relation to the Construction.

Dividend

The Directors do not recommend the payment of any dividend for the Reporting Period (nine-month period ended 30 September 2022: Nil).

Loan Receivables

An indirect wholly-owned subsidiary of the Company, Might Winner Limited, obtained a money lender’s license in Hong Kong in January 2020.

On 3 April 2020, the Group entered into a loan agreement (the “**Loan Agreement**”) with an independent third party, Bright Topper Limited (the “**Borrower**”), in the principal amount of HK\$30 million at an interest rate of 10% per annum for a term of 24 months (the “**Loan**”). The repayment of the Loan was guaranteed by a director and the sole beneficial owner (the “**Guarantor**”) of the Borrower. Interests for the first 12 months shall be repaid in the first year and the principal amount and interests for remaining period (the “**Second Tranche Interest**”) shall have been repaid on or before 2 April 2022. The Borrower paid the interests for the Loan for the first 12 months in the amount of HK\$3 million in accordance with the Loan Agreement and the Second Tranche Interest was due by 2 April 2022 according to the Loan Agreement. On 1 April 2022, the Group entered into a supplemental loan agreement with the Borrower and the Guarantor to extend the repayment date of the Loan by 24 months to 2 April 2024 at an interest rate of 10% per annum (the “**Extended Loan Agreement**”) and to extend the payment date of the Second Tranche Interest to 4 April 2022. The Second Tranche Interest was paid by the Borrower on 4 April 2022. The interest of the Extended Loan Agreement for the first 12 months in the amount of HK\$3 million was also received by the Company.

On 6 July 2023, the Group entered into the 2nd Loan Agreement with an independent third party, Victoria Yachting Management Co., Limited (the “**2nd Borrower**”), in the principal amount of HK\$3 million at an interest rate of 10% per annum for a term of 24 months. The repayment of the 2nd Loan was guaranteed by a director and the sole beneficial owner of the 2nd Borrower. Interests for the first 12 months shall be repaid in the first year and the principal amount and interests for remaining period shall have been repaid on or before 5 July 2025.

Significant Investments, Material Acquisitions and Disposals

The Company entered into a sales and purchase agreement with an independent third party to dispose of Brighten Express Limited and its subsidiaries at a consideration of HK\$37,000,000 on 3 January 2023. All conditions precedent under the sales and purchase agreement had been fulfilled and the Disposal took place on 11 January 2023 accordingly. Details about the Disposal have been disclosed in the Company’s announcements dated 3 January 2023, 11 January 2023, 27 January 2023 and 7 February 2023, and in the Company’s circular dated 28 February 2023.

On 16 March 2023, the Company has entered into a sales and purchase agreement with independent third parties to purchase 55% equity interest in Your Choice, a company incorporated in the state of Delaware of the USA with limited liability and the loans borrowed by Your Choice due to the sellers at a consideration of US\$4,311,913 (equivalent to approximately HK\$33,848,515). The consideration shall be settled by the Company issuing and allotting 80,591,701 of the Company’s shares at the issue price of HK\$0.42 to the sellers upon completion. Your Choice is principally engaged in the operation of the big data centre in the USA. Details about the Acquisition and the conditions precedent under the Acquisition have been disclosed in the Company’s announcement dated 16 March 2023. As at the date of this report, the Acquisition has not yet been completed.

On 3 March 2023, the Company invested US\$150,000 (approximately HK\$1,177,500) in Cyberflow Digital Inc. (“**Cyberflow**”), a company incorporated in the state of Delaware of the USA. The Company has 30% equity interest in Cyberflow, which is principally engaged in developing and operating mobile applications and communication platforms in web3.0.

Save for the above-mentioned transactions, there were no other significant investments held, material acquisitions, or disposals of subsidiaries during the Reporting Period. There was no plan authorised by the Board for other material investments or additions of capital assets as at the date of this report.

Important Events After the Reporting Period

There have been no important events significantly affecting the finances and future prospects of the Group that have occurred since the end of the Reporting Period.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the nine-month period ended 30 September 2023

	Notes	Three-month period ended 30 September		Nine-month period ended 30 September	
		2023 (Unaudited) HK\$'000	2022 (Unaudited and re-presented) HK\$'000	2023 (Unaudited) HK\$'000	2022 (Unaudited and re-presented) HK\$'000
CONTINUING OPERATIONS					
REVENUE	3	6,225	7,635	18,525	22,905
Cost of sales and service rendered		(1,450)	(5,484)	(4,566)	(15,580)
Gross profit		4,775	2,151	13,959	7,325
Other income and (losses)/gains		–	(140)	–	264
Administrative expenses		(6,827)	(3,680)	(19,950)	(21,986)
Provision for impairment loss under expected credit loss model on trade receivables		–	–	(1,154)	–
Loss on disposal of property, plant and equipment		(72)	–	(72)	–
Finance costs		(278)	(64)	(570)	(244)
Share of loss of an associate		(23)	–	(109)	–
LOSS BEFORE TAX		(2,425)	(1,733)	(7,896)	(14,641)
Income tax expense	4	–	–	–	–
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		(2,425)	(1,733)	(7,896)	(14,641)
DISCONTINUED OPERATIONS					
Loss for the period from discontinued operations		–	(2,519)	(3,398)	(15,022)
LOSS FOR THE PERIOD		(2,425)	(4,252)	(11,294)	(29,663)

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2023 (Unaudited) HK\$'000	2022 (Unaudited and re-presented) HK\$'000	2023 (Unaudited) HK\$'000	2022 (Unaudited and re-presented) HK\$'000
OTHER COMPREHENSIVE INCOME				
Other comprehensive (expense)/ income for the period, net of tax:				
Items that may be reclassified to profit or loss:				
Exchange differences on translation of foreign operations	244	(8,104)	159	(11,248)
Release of exchange reserve upon disposal of a foreign operation	-	-	3,398	-
OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE PERIOD, NET OF TAX	244	(8,104)	3,557	(11,248)
TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD	(2,181)	(12,356)	(7,737)	(40,911)
LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY				
- from continuing operations	(2,425)	(1,733)	(7,896)	(14,641)
- from discontinuing operations	-	(2,519)	(3,398)	(15,022)
	(2,425)	(4,252)	(11,294)	(29,663)
TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD ATTRIBUTABLE TO:				
Owners of the Company	(2,181)	(12,356)	(7,737)	(40,458)
Non-controlling interests	-	-	-	(453)
	(2,181)	(12,356)	(7,737)	(40,911)

	Notes	Three-month period ended 30 September		Nine-month period ended 30 September	
		2023 (Unaudited) HK\$'000	2022 (Unaudited and re-presented) HK\$'000	2023 (Unaudited) HK\$'000	2022 (Unaudited and re-presented) HK\$'000
TOTAL COMPREHENSIVE EXPENSE ATTRIBUTABLE TO OWNERS OF THE COMPANY					
– from continuing operations		(2,181)	(1,733)	(7,737)	(14,641)
– from discontinued operations		–	(10,623)	–	(26,270)
		(2,181)	(12,356)	(7,737)	(40,911)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (HK cents)					
– Basic and diluted (from continuing and discontinuing operations)	6	(0.44)	(0.78)	(2.06)	(5.41)
– Basic and diluted (from continuing operations)		(0.44)	(0.32)	(1.44)	(2.67)

NOTES:

(1) BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of the GEM Listing Rules and with Hong Kong Accounting Standard 34, Interim Financial Reporting.

(2) SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared under the historical cost convention. The same accounting policies, presentation and methods of computation have been followed in these condensed consolidated financial statements as were applied in the preparation of the Group's financial statements for the year ended 31 December 2022, except for the adoption of all the new and revised Hong Kong Financial Reporting Standards, amendments and interpretations ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting year beginning on 1 January 2023. 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 period and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Directors of the Company anticipate that the application of the other new or revised standards, amendments or interpretations will have no material impact on the unaudited consolidated financial statements.

(3) REVENUE

An analysis of the Group's revenue for the three-month and the nine-month period ended 30 September 2023 is as follows:

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Continuing operations: Provision of big data centre services	5,400	6,885	16,200	20,655
Revenue from contracts with customers	5,400	6,885	16,200	20,655
Interest income	825	750	2,325	2,250
	6,225	7,635	18,525	22,905

(4) INCOME TAX EXPENSE

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Deferred tax	-	-	-	-

Under the two-tiered profits tax rates regime in Hong Kong, the first HK\$2 million of profits of the qualifying group entity are taxed at 8.25% and profits above HK\$2 million are taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

No provision for Hong Kong Profits Tax has been made as the Group had no assessable profit arising from Hong Kong for the nine-month period ended 30 September 2023 and its corresponding period in 2022.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdiction.

(5) DIVIDEND

No dividends had been paid or declared by the Company during the nine-month period ended 30 September 2023 (the nine-month period ended 30 September 2022: Nil).

(6) LOSS PER SHARE

From continuing operations

The calculation of the basic and diluted earnings per share is based on the following:

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
<i>Loss</i>				
Loss for the period attributable to owners of the Company	(2,425)	(4,252)	(11,294)	(29,663)
Less: loss for the period from discontinued operations attributable to owners of the Company	–	(2,519)	(3,398)	(15,022)
Loss for the purpose of calculating basic and diluted loss per share from continuing operations	(2,425)	(1,733)	(7,896)	(14,641)

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2023 (Unaudited) '000	2022 (Unaudited) '000	2023 (Unaudited) '000	2022 (Unaudited) '000
<i>Number of shares</i>				
Weighted average number of ordinary shares in issue during the period for the purposes of the basic and diluted loss per share	548,409	548,379	548,409	548,379

No adjustment has been made to the basic loss per share amounts presented for the periods ended 30 September 2023 and 2022 in respect of the impact of the share options outstanding as these options had an anti-dilutive effect on the basic loss per share amounts presented.

From continuing and discontinued operations

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

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Loss for the period attributable to owners of the Company for the purpose of basic loss per share	(2,425)	(4,252)	(11,294)	(29,663)

The denominators used are the same as those detailed above for basic and diluted loss per share from continuing operations.

From discontinued operations

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

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Loss for the period attributable to owners of the Company for the purpose of basic loss per share	–	(2,519)	(3,398)	(15,022)

The denominators used are the same as those detailed above for basic and diluted loss per share from continuing operations.

For the three-month and nine-month period ended 30 September 2023, basic and diluted loss per share for the discontinued operation is nil (2022: HK(0.46) cents) and HK(0.62) cents (2022: HK(2.74) cents) per share, respectively.

(7) SHARE CAPITAL AND RESERVES

	Attributable to owners of the Company							Non-controlling interests HK\$'000	Total equity HK\$'000
	Issued capital HK\$'000	Share premium HK\$'000	Share-based payment reserve HK\$'000	Other reserve HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Sub-Total HK\$'000		
At 1 January 2023 (audited)	54,841	422,533	11,044	(24,221)	23,532	(410,535)	77,194	(233)	76,961
Loss for the period	-	-	-	-	-	(11,294)	(11,294)	-	(11,294)
Other comprehensive income for the period	-	-	-	-	3,557	-	3,557	-	3,557
Total comprehensive expense for the period	-	-	-	-	3,557	(11,294)	(7,737)	-	(7,737)
Transfer on disposal of subsidiaries	-	-	-	-	(24,589)	24,356	(233)	233	-
At 30 September 2023 (unaudited)	54,841	422,533	11,044	(24,221)	2,500	(397,473)	69,224	-	69,224

Note: The accumulated exchange differences of HK\$24,589,000 under the Exchange reserve, which was arising from translation to presentation currency by the disposed subsidiaries, has been reclassified to Accumulated losses and Non-controlling interests following the disposal during the period ended 30 September 2023.

	Attributable to owners of the Company							Non-controlling interests HK\$'000	Total equity HK\$'000
	Issued capital HK\$'000	Share premium HK\$'000	Share-based payment reserve HK\$'000	Other reserve HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Sub-Total HK\$'000		
At 1 January 2022 (audited)	54,838	422,524	10,989	(5,255)	26,930	(372,793)	137,233	(232)	137,001
Loss for the period	-	-	-	-	-	(29,663)	(29,663)	-	(29,663)
Other comprehensive loss for the period	-	-	-	-	(10,795)	-	(10,795)	(453)	(11,248)
Total comprehensive loss for the period	-	-	-	-	(10,795)	(29,663)	(40,458)	(453)	(40,911)
Equity-settled share-based payment expense	-	-	431	-	-	-	431	-	431
At 30 September 2022 (unaudited)	54,838	422,524	11,420	(5,255)	16,135	(402,456)	97,206	(685)	96,521

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

During the Reporting Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 30 September 2023, the interests and short positions of each Director and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long positions in the shares, underlying shares and debentures of associated corporations of the Company

Name of Director	Name of associated corporation of the Company	Nature of interest	Number of ordinary shares held	Percentage of shareholding in the associated corporation of the Company
			<i>(Note 1)</i>	<i>(Note 2)</i>
Mr. Li Hongbin	Manful Kingdom Limited <i>(Note 3)</i>	Beneficiary of a trust (other than a discretionary interest)	150 (L)	25%

Notes:

1. The letter “L” denotes the entity/person’s long position in the shares.
2. The percentage of shareholding in the associated corporation of the Company was calculated based on the total number of issued shares of Manful Kingdom Limited as at 30 September 2023, being 600 ordinary shares.
3. As at 30 September 2023, Manful Kingdom Limited held 51.02% direct shareholding interest in the Company and was an associated corporation of the Company within the meaning of Part XV of the SFO.

Save as disclosed above, as at 30 September 2023, none of the Directors or chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules.

SHARE OPTION SCHEME

The share option scheme adopted at the annual general meeting of the Company on 18 May 2012 (the “**2012 Share Option Scheme**”) has expired on 18 May 2022. The share options granted thereunder prior to the expiry date will continue to be valid and exercisable in accordance with the terms of the 2012 Share Option Scheme.

At the extraordinary general meeting of the Company held on 28 December 2022, the shareholders of the Company approved the adoption of a new share option scheme (the “**2022 Share Option Scheme**”) under which the Directors may grant share options to eligible persons to subscribe for the shares of the Company (the “**Shares**”), subject to the terms and conditions as stipulated therein. Unless otherwise cancelled or amended, the 2022 Share Option Scheme will remain valid for a period of 10 years from the date of its adoption. No share options had been granted under the 2022 Share Option Scheme since its adoption.

Movements of share options granted under the 2012 Share Option Scheme during the Reporting Period are set out below:

Type of participants	Number of share options						As at 30 September 2023	Date of grant	Exercise price	Exercise period
	As at 1 January 2023	Granted during the period	Reclassified during the period	Exercised during the period	Lapsed during the period	Cancelled during the period				
		(Note 6)	(Note 4)	(Note 6)	(Note 6)	(Note 6)			(HK\$)	(Notes 1 to 2)
Former Director										
Ms. Zhang Jing	466,800	-	(466,800)	-	-	-	-	01.04.2019	1.10	Note 1
(Note 3)	3,100,000	-	(3,100,000)	-	-	-	-	10.08.2020	0.26	Note 2
Sub-total:	3,566,800	-	(3,566,800)	-	-	-	-			
Employees										
	50,000	-	-	-	-	-	50,000	01.04.2019	1.10	Note 1
	50,000	-	-	-	-	-	50,000	10.08.2020	0.26	Note 2
Sub-total:	100,000	-	-	-	-	-	100,000			
Others										
(Note 5)	12,766,800	-	466,800	-	-	-	13,233,600	01.04.2019	1.10	Note 1
	13,800,000	-	3,100,000	-	-	-	16,900,000	10.08.2020	0.26	Note 2
Sub-total:	26,566,800	-	3,566,800	-	-	-	30,133,600			
Total:	30,233,600	-	-	-	-	-	30,233,600			

Notes:

1. The share options granted on 1 April 2019 are divided into 3 tranches exercisable from 1 April 2019, 1 April 2020 and 1 April 2021 respectively to 31 March 2029.
2. The share options granted on 10 August 2020 are divided into 3 tranches exercisable from 10 August 2020, 10 August 2021 and 10 August 2022 respectively to 9 August 2030.
3. Ms. Zhang Jing resigned as a non-executive Director with effect from 9 September 2022.
4. To better reflect certain grantee's position in relation to the Group, their respective types of participant have been reclassified from "Director" to "Others" as appropriate.
5. The category "Others" represents the consultants of the Group. Consultants are individuals who rendered consultancy services in respect of the business development to the Group without receiving any compensation. The Group granted share options to them for recognising their services similar to those rendered by employees of the Group.
6. During the Reporting Period, no share options were granted, exercised, lapsed or cancelled under the 2012 Share Option Scheme.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2023, the interests or short positions of every persons (other than the Directors and chief executive of the Company) in the shares (the “Shares”) and underlying Shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO and the amount of such interests and short positions were as follows:

Name	Capacity/ Nature of interest	Number of Shares held/ interested in (Note 1)	Approximate percentage of total issued Shares (Note 2)
Manful Kingdom Limited	Beneficial owner	279,815,740 (L)	51.02%
Mr. Fu Jiepin (Note 3)	Interest in controlled corporation	279,815,740 (L)	51.02%
Ms. Xia Bing (Note 4)	Interest of spouse	279,815,740 (L)	51.02%
Ever Marvel Group Limited (Note 5)	Beneficial owner	67,548,564 (L)	12.32%
Sichuan Hengjia Energy Development Group Co., Limited* (四川恒嘉能源開發集團有限公司) (“Sichuan Hengjia”) (Note 6)	Interest in controlled corporation	67,548,564 (L)	12.32%

Name	Capacity/ Nature of interest	Number of Shares held/ interested in <i>(Note 1)</i>	Approximate percentage of total issued Shares <i>(Note 2)</i>
Mr. Wang Heng <i>(Note 6)</i>	Interest in controlled corporations	67,548,564 (L)	12.32%
Beyond Power Global Limited	Beneficial owner	48,195,605 (L)	8.79%
Mr. Yeung Hin Ming, Bosco <i>(Note 7)</i>	Interest in controlled corporation	48,195,605 (L)	8.79%

Notes:

1. The letter "L" denotes the entity/person's long position in the Shares.
2. The approximate percentage of total issued Shares was calculated based on the total number of issued Shares as at 30 September 2023, being 548,408,822 Shares.
3. As at 30 September 2023, Manful Kingdom Limited held 279,815,740 Shares as beneficial owner. Mr. Fu Jiepin held 35% direct interest in Manful Kingdom Limited. Therefore, Mr. Fu Jiepin was deemed to be interested in 279,815,740 Shares through his controlled corporation, Manful Kingdom Limited, under the SFO.
4. Ms. Xia Bing is the spouse of Mr. Fu Jiepin. Accordingly, as at 30 September 2023, Ms. Xia Bing was deemed to be interested in the Shares in which Mr. Fu Jiepin was interested under the SFO.

5. On 16 March 2023, Ever Marvel Group Limited and Lewin Technology HK Limited as sellers and Interactive Lab Limited, a wholly-owned subsidiary of the Company, as the purchaser entered into a stock sale and purchase agreement for the sale and purchase of 510 shares and 100 shares respectively owned by the sellers in, and the respective loans advanced by the sellers to, Your Choice Ever Best, Inc. The consideration of US\$4,311,913 under the stock sale and purchase agreement will be satisfied by the allotment and issue of 80,591,701 new Shares by the Company to the sellers in which 67,548,564 Shares will be issued to Ever Marvel Group Limited. Completion of the stock sale and purchase agreement is subject to fulfillment of certain conditions as stated therein.
6. As at 30 September 2023, Sichuan Hengjia held 100% direct interests in Ever Marvel Group Limited and Mr. Wang Heng in turn held 50% direct interests in Sichuan Hengjia. Therefore, both Sichuan Hengjia and Mr. Wang Heng were deemed to be interested in 67,548,564 Shares through the controlled corporation, Ever Marvel Group Limited, under the SFO.
7. As at 30 September 2023, Beyond Power Global Limited held 48,195,605 Shares as beneficial owner. Mr. Yeung Hin Ming, Bosco held 100% direct interests in Beyond Power Global Limited. Therefore, Mr. Yeung Hin Ming, Bosco was deemed to be interested in 48,195,605 Shares through his controlled corporation, Beyond Power Global Limited, under the SFO.

Save as disclosed above, as at 30 September 2023, no other interests or short positions in the Shares or underlying Shares of the Company had been recorded in the register required to be kept under section 336 of the SFO.

INTERESTS IN COMPETING BUSINESS

During the Reporting Period, none of the Directors, the controlling shareholders of the Company or their respective close associates (as defined in the GEM Listing Rules) had interest in any business which competes or may compete with the business of the Group and any other conflicts of interest with the Group.

AUDIT COMMITTEE

The Company has an audit committee, which was established for the purposes of reviewing and providing supervision over the Company's financial reporting process and overseeing the Group's risk management and internal controls. It also reviews the effectiveness of the audit process and risk evaluation. The audit committee of the Company (the "**Audit Committee**") comprises three independent non-executive Directors, namely Mr. Sun Yuqiang (chairman of the Audit Committee), Mr. Chu, Howard Ho Hwa and Mr. Tong, I Tony. The unaudited condensed consolidated results of the Group for the Reporting Period and this report have not been audited by the auditors of the Company, but have been reviewed by the Audit Committee. The Audit Committee was of the opinion that the preparation of such statements complied with applicable accounting standards, the GEM Listing Rules and that adequate disclosures have been made in respect thereof.

By order of the Board
Crypto Flow Technology Limited
Huang Yibin
Chief Executive Officer and Executive Director

Hong Kong, 10 November 2023

As at the date of this report, the executive Directors are Mr. Li Hongbin (Chairman), Mr. Huang Yibin (Chief Executive Officer) and Ms. Xiong Jiayan; and the independent non-executive Directors are Mr. Sun Yuqiang, Mr. Chu, Howard Ho Hwa and Mr. Tong, I Tony.

* *For identification purpose only*