



China e-Wallet Payment Group Limited
中國錢包支付集團有限公司*

(formerly known as RCG Holdings Limited 宏霸數碼集團(控股)有限公司)*

(a company incorporated in Bermuda with limited liability)

(Stock Code: 802)

INTERIM
REPORT 2017

* For purpose of identification only

CONTENTS

2	Director's Statement
3	Management Discussion and Analysis
9	Condensed Consolidated Statement of Profit or Loss
10	Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
11	Condensed Consolidated Statement of Financial Position
13	Condensed Consolidated Statement of Changes in Equity
14	Condensed Consolidated Statement of Cash Flows
15	Notes to the Financial Statements
27	Purchase, Sale or Redemption of the Company's Listed Securities
27	Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures
27	Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares
28	Share Option Scheme and Post Listing Share Option Scheme
29	Corporate Governance Code

DIRECTOR'S STATEMENT

Dear shareholders,

On behalf of the Board of Directors, I am pleased to present the Group's unaudited interim results for the six months ended 30 June 2017, which consists of reporting on the activities, results and strategies of China e-Wallet.

BUSINESS ENVIRONMENT

The year 2017 had proven to be challenging throughout the global economy market. In particular, Asian market has maintained volatile through out these periods. The expansionary fiscal orientation supported the growth in these regions. Central banks may have been cautious in their conduct of monetary policy for good reasons, but liquidity was kept ample through calibrated downward adjustments in key rates.

Moving forward, we expect the pace of output growth in both Global and Asia market remain largely unchanged, with most governments expressing their intention to strengthen their pump-priming efforts in the near term to counter sluggish external demand.

Facing the above challenges, the Company continues to realign its business strategies and increased its efforts to innovate its core products and services to better face the increasing needs of its market.

FINANCIAL AND BUSINESS REVIEW

For the first half of 2017, China e-Wallet has recorded a gross profit, while in general, recorded a net loss in its current financial period. The Group has reported a total revenue of HK\$27.2 million, representing an increase of 34.7% compared to the same period in 2016.

THANK YOU

I would like to take this opportunity to express my sincere gratitude to our shareholders, business partners and customers for their continued support, as well as to the Group's management team and staff for their tireless dedication and efforts in developing the long term prospects of the Group.

Li Jinglong

Director

31 August 2017

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the six months ended 30 June 2017, the Group recorded a turnover of HK\$27.2 million, representing an increase of 34.7% compared to the same period in 2016. The increase in turnover was attributable to the application development income generated by continuous efforts in diversification into settlement application market.

Gross profit margin improved by approximately 22.7% for the six months ended 30 June 2017, compared to 11.0% for the same period in 2016 due to a number of factors, in particular the successful implementation of cost control measures. The Group reported a net loss of HK\$276.3 million for the six months ended 30 June 2017 which mainly attributable by the realised and unrealised loss of held-for-trading investment and available-for-sale investments in the listed securities of approximately HK\$179.6 million and change in fair value of derivative financial assets of approximately HK\$76.1 million.

Performance of business segments

The Group's business is divided generally into two categories: "Internet and Mobile's Application and Related Accessories" and "Trading of Security and Biometric Products".

The Group continues to believe that the "Internet and Mobile's Application and Related Accessories" segment as a key growth area, in-line with the rapid growth of the mobile and gaming industry and in particular in application development for merchants of settlement business, utilities applications for iOS and androids and mass advertising.

The Group's "Trading of Security and Biometric Products" segment consists of biometrics and RFID products for consumer applications.

Business Segment	Six months ended 30 June				HK\$ y-o-y growth %
	2017 (unaudited) HK\$ m		2016 (unaudited) HK\$ m		
Internet and Mobile's Application and Related Accessories	27.2	100.0	20.1	99.7	35.3
Trading of Security and Biometric Products	-	-	0.1	0.3	(100.0)
Total revenue	27.2	100.0	20.2	100.0	

The key contributor to the Group's turnover in the six months ended 30 June 2017 was the "Internet and Mobile's Application and Related Accessories" segment which contributed 100% of total turnover.

FINANCIAL REVIEW

Turnover

For the six months ended 30 June 2017, the Group reported a total revenue of HK\$27.2 million representing an increase of 34.7% compared to HK\$20.2 million in the same period in 2016. The increase was mainly due to the application development income generated by continuous efforts in diversification into settlement application market since second half in 2016.

Cost of sales

Cost of sales increased 16.9% from HK\$18.0 million in the six months ended 30 June 2016 to HK\$21.0 million in the same period in 2017. In terms of percentage of sales, the cost of sales decreased from 89.0% in the six months ended 30 June 2016 to 77.3% in the six months ended 30 June 2017.

Gross profit and gross profit margin

Gross profit in the first half of 2017 was HK\$6.2 million which is an increase, as compared to a gross profit of HK\$2.2 million in the same period of 2016. Gross profit margin increased because turnover generated from settlement application business has higher gross profit margin.

Other revenue and gains

Other revenue and gains decreased from HK\$0.7 million during the first half of 2016 to HK\$0.2 million in the same period of 2017.

Realised and unrealised loss on financial assets at fair value through profit or loss

Realised and unrealised loss on financial assets at fair value through profit or loss mainly represent the loss on disposal of shares invested in China Jicheng Holdings Limited (stock code: 1027.HK) of approximately HK\$151.3 million.

Administrative expenses

Administrative expenses increased by 379.7% from HK\$13.9 million in the first half of 2016 to HK\$66.7 million in the same period in 2017. The increase was mainly due to the share-based payment amounting to HK\$51.6 million recognised arising from the share options issued during the period.

Selling and distribution costs

Selling and distribution costs decreased by 99.8% from HK\$0.4 million for the six months ended 30 June 2016 to HK\$1,000 for the six months ended 30 June 2017.

Finance costs

Finance costs increased from HK\$0.1 million for the six months ended 30 June 2016 to HK\$2.5 million in the same period in 2017 due to the interest arising from the convertible notes.

Loss before taxation

Loss before taxation is HK\$318.5 million for the six months ended 30 June 2017, compared to a loss before taxation of HK\$83.0 million in the same period in 2016. The loss before taxation in the first half year in 2017 was mainly attributable by realised and unrealised loss of held-for-trading investment and available-for-sale investment in the listed securities and change in fair value of derivative financial assets recognised amounting to HK\$76.2 million.

Income tax credit

Income tax credit changed from HK\$9.4 million expense in first half of 2016 to a HK\$42.3 million credit in same period in 2017.

Loss for the period

The Group's loss for the period was HK\$276.3 million compared to loss of HK\$73.6 million in the same period in 2016.

Loss attributable to owners of the Company

Loss attributable to owners of the Company changed from a loss of HK\$71.7 million in the first half of 2016 to a loss of HK\$276.2 million in the same period of 2017.

Loss attributable to the non-controlling interests

The loss attributable to the non-controlling interests was HK\$0.1 million for six months ended 30 June 2017 (in the same period in 2016 the loss attributable to the non-controlling interest was HK\$1.9 million).

REVIEW OF THE GROUP'S FINANCIAL POSITION AS AT 30 JUNE 2017

Liquidity and capital resources

The Group funds its operations with sales revenue from its operating activities. The Group also has cash inflows from interest income and collections. Key drivers in the Group's sources of cash are primarily the Group's sales, and their inflow depends on the Group's ability to collect payments. There have been no material changes in the Group's underlying drivers during the period under review.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group did not incur any capital expenditure during the six months ended 30 June 2017 and 2016.

The Group has internal budgeting systems in place to ensure that if and when cash is committed to fund major expenditures there is sufficient cash flow to maintain the Group's daily operations and meet all of its contractual obligations.

The Group had cash and cash equivalents of HK\$432.8 million as at 30 June 2017 compared to HK\$442.5 million as at 31 December 2016.

Gearing ratio

As at 30 June 2017, the Group's gearing ratio was Nil, while the Group's gearing ratio was Nil as at 30 June 2016. The gearing ratio was calculated as the Group's total debt divided by its total capital. The Group has no debt as at 30 June 2017. Total capital is calculated as total shareholder equity of HK\$634.2 million plus debt.

Contingent Liabilities

As at 30 June 2017, the Group had no contingent liabilities (31 December 2016: HK\$ Nil). The Company has not been acted as a guarantor of its subsidiaries to secure any interest-bearing borrowings.

The carrying amount of the financial guarantee provision recognised in the Company's statement of financial position was Nil as at 30 June 2017 (31 December 2016: Nil).

Deposits, prepayments and other receivables

As at 30 June 2017, the Group's deposits, prepayments and other receivables was HK\$214.6 million, as compared to HK\$198.7 million as at 31 December 2016.

Foreign exchange risk management

Certain of the Group's bank balances are denominated in Pounds, Ringgit, United States Dollars, United Arab Emirates Dirham and Renminbi, each of them is a currency other than the functional currency of the relevant group entities, which exposes it to foreign currency risk. The Group has not used any financial instruments to hedge against this currency risk. However, the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

MANAGEMENT DISCUSSION AND ANALYSIS

Available-for-sale financial assets as at 30 June 2017

Name of investee	Loss on disposal HK\$'000	Fair value loss HK\$'000	As at 30 June 2017 HK\$'000	Percentage to the Group's audited total assets as at 30 June 2017 %	Number of shares held by the Group as at 1 January 2017	Percentage of shareholding held by the Group as at 1 January 2017 %	Number of shares held by the Group as at 30 June 2017	Percentage of shareholding held by the Group as at 30 June 2017 %
China Investment and Finance Group Limited ("CIFG") (stock code: 1226) (note)	-	(7,625)	7,217	0.9%	58,202,305	2.58%	58,202,305	2.58%
Other listed securities	(4,397)	(1,153)	607	0.1%				
Total	(4,397)	(8,778)	7,824	1.0%				

Note: CIFG is principally engaged in investment holding and trading of securities. Based on CIFG's annual report for the year ended 31 March 2017, revenue, gross proceeds from disposal of listed securities held for trading and profit for the year of CIFG were HK\$633,000, HK\$358,933,000 and HK\$355,764,000 respectively.

The future performance of the listed securities may be influenced by the Hong Kong stock market. In this regard, the Group will continue to maintain a diversified investment portfolio and closely monitor the performance of its investments and the market trends to adjust its investment strategies.

Financial assets at fair value through profit or loss as at 30 June 2017

Name of investee	As at 1 January 2017 HK\$'000	Loss on disposal HK\$'000	Fair value loss HK\$'000	As at 30 June 2017 HK\$'000	Percentage to the Group's audited total assets as at 30 June 2017 %	Number of shares held by the Group as at 1 January 2017	Percentage of shareholding held by the Group as at 1 January 2017 %	Number of shares held by the Group as at 30 June 2017	Percentage of shareholding held by the Group as at 30 June 2017 %
China Jicheng Holdings Limited ("CJH") (stock code: 1027.HK) (note)	165,394	(151,250)	-	-	-%	875,100,000	1.17%	-	-
Other listed securities	16,728	(15,131)	(72)	2,002	0.2%				
Total	182,122	(166,381)	(72)	2,002	0.2%				

Note: CJH is engaged in investment holding while the principal subsidiaries are principally engaged in manufacture and sale of umbrellas. Based on CJH's interim report for the six months ended 30 June 2017, revenue and profit of CJH was approximately RMB286.5 million and RMB8.1 million respectively.

At 30 June 2017, there was no investment held by the Group the value of which was more than 5% of the total assets of the Group and no investment held by the Group contributed more than 10% of the realised or unrealised loss for the six months ended 30 June 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

HUMAN RESOURCES

As at 30 June 2017, in addition to the directors of the Company (the “Directors”), there were approximately 50 employees (31 December 2016: 40) of the Group stationed in the Group’s offices in Hong Kong, the People’s Republic of China (the “PRC”) and Malaysia. Total staff costs for the six months ended 30 June 2017 were HK\$8.6 million, compared with HK\$4.7 million in first half 2016.

The Group offers training and development courses for its employees to enhance the staff’s working capabilities. Remuneration packages are linked to individual performance, the Group’s business performance, and taking into consideration industry practices and market conditions, reviewed on an annual basis. Directors’ remuneration is determined with reference to his duties and responsibilities with the Company, the Company’s standards for emoluments and market conditions. Share options are also granted to eligible employees based on individual’s performance as well as the Group’s performance.

MANAGEMENT OUTLOOK

The Group has continued the efforts to consolidate and realign its businesses to enable the Group to achieve improvements in its financial position. The Group will continue to work towards, attaining a sustainable growth.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2017

The Board (the “Board”) of directors (the “Directors”) is pleased to announce the unaudited consolidated interim results of China e-Wallet Payment Group Limited (the “Company”) and its subsidiaries (collectively known as the “Group”) for the six months ended 30 June 2017. These interim condensed consolidated financial statements were not audited, but have been reviewed by the audit committee of the Company.

	Notes	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Turnover	3	27,224	20,211
Cost of sales		(21,037)	(17,995)
Gross profit		6,187	2,216
Other revenue and gains	4	223	671
Realised and unrealised loss on financial assets at fair value through profit or loss		(166,453)	(71,603)
Realised and unrealised loss on available-for-sale financial assets		(13,175)	–
Selling and distribution costs		(1)	(353)
Administrative expenses		(66,699)	(13,904)
Fair value loss on derivative financial assets		(76,181)	–
Loss from operations		(316,099)	(82,973)
Finance costs		(2,450)	(43)
Loss before taxation	5	(318,549)	(83,016)
Taxation	6	42,276	9,427
Loss for the period		(276,273)	(73,589)
Attributable to:			
Owners of the Company		(276,183)	(71,695)
Non-controlling interests		(90)	(1,894)
		(276,273)	(73,589)
Loss per share attributable to the owners of the Company			
– Basic and diluted (HK cents)	7	(11.4)	(4.73)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2017

	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Loss for the period	(276,273)	(73,589)
Other comprehensive income/(loss) for the period:		
<i>Items that may be reclassified to profit or loss:</i>		
Impairment loss arising on revaluation of available-for-sale financial assets	(9,202)	–
Reclassification adjustment relation to impairment loss on available-for-sale	8,850	–
Exchange differences on translating foreign operations		
Exchange differences arising during the period	(2,312)	(161)
	(2,664)	(161)
Total comprehensive loss for the period	(278,937)	(73,750)
Total comprehensive loss for the period attributable to:		
Owners of the Company	(278,847)	(71,856)
Non-controlling interests	(90)	(1,894)
	(278,937)	(73,750)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	Notes	As at 30 June 2017 HK\$'000 (Unaudited)	As at 31 December 2016 HK\$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	9	866	379
Derivative financial assets		53,448	182,198
Available-for-sale financial assets		7,824	23,026
Intangible assets		52,448	57,598
		114,586	263,201
Current assets			
Financial assets at fair value through profit or loss		2,002	182,122
Trade receivables	10	33,275	36,928
Deposits, prepayments and other receivables		214,559	198,655
Cash at bank and on hand		432,800	442,496
		682,636	860,201
Total assets		797,222	1,123,402
CAPITAL AND RESERVES			
Share capital		100,149	93,749
Reserves		534,085	783,466
Equity attributable to owners of the Company		634,234	877,215
Non-controlling interests		20,672	20,762
Total equity		654,906	897,977

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	Notes	As at 30 June 2017 HK\$'000 (Unaudited)	As at 31 December 2016 HK\$'000 (Audited)
LIABILITIES			
Non-current liabilities			
Convertible notes		69,510	104,973
Deferred tax liabilities		13,247	55,524
		82,757	160,497
Current liabilities			
Trade payables	11	29,621	38,009
Accruals and other payables		28,961	25,925
Tax payable		977	994
		59,559	64,928
Total liabilities		142,316	225,425
Total equity and liabilities		797,222	1,123,402
Net current assets		623,077	795,273
Total assets less current liabilities		737,663	1,058,474

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017

Attributable to the owners of the Company

	Share capital	Share premium	Available- for-sale securities revaluation reserve	Share-based compensation reserve	Capital reserve	Convertible equity reserve	Translation reserve	Legal reserve	Accumulated loss	Sub-total	Non- controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 January 2016 (audited)	60,149	2,502,047	-	4,699	(872)	-	(30,491)	48	(1,870,978)	664,602	27,631	692,233
Total comprehensive loss for the period	-	-	-	-	-	-	(161)	-	(71,695)	(71,856)	(1,894)	(73,750)
Grant of share option	-	-	-	2,740	-	-	-	-	-	2,740	-	2,740
Issue of shares upon exercise of shares option	800	6,132	-	(2,192)	-	-	-	-	-	4,740	-	4,740
As at 30 June 2016 (unaudited)	60,949	2,508,179	-	5,247	(872)	-	(30,652)	48	(1,942,673)	600,226	25,737	625,963
As at 1 January 2017 (audited)	93,749	2,698,881	352	5,247	(872)	160,245	(32,674)	48	(2,047,761)	877,215	20,762	897,977
Total comprehensive loss for the period	-	-	(352)	-	-	-	(2,312)	-	(276,183)	(278,847)	(90)	(278,937)
Issue of shares upon conversion of convertible notes	6,400	13,471	-	-	-	(55,737)	-	-	-	(35,866)	-	(35,866)
As at 30 June 2017 (unaudited)	100,149	2,712,352	-	5,247	(872)	104,508	(34,986)	48	(2,323,944)	634,234	20,672	654,906

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017

	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Net cash used in operating activities	(21,051)	(161,470)
Net cash used in investing activities	13,667	–
Net cash generated from financing activities	–	4,740
Net decrease in cash and cash equivalents	(7,384)	(156,730)
Cash and cash equivalents at the beginning of the period	442,496	305,721
Effect of foreign exchange rate changes	(2,312)	339
Cash and cash equivalents at 30 June	432,800	149,330
Analysis of the balances of cash and cash equivalents		
Cash at bank and on hand	432,800	149,330
Cash and cash equivalents at 30 June	432,800	149,330

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2017

1. BASIS OF PREPARATION

(a) Statement of compliance

These unaudited condensed consolidated interim financial statements (the “Interim Financial Statements”) have been prepared in accordance with International Accounting Standard (the “IAS”) 34 Interim Financial Reporting and disclosure requirements set out in Appendix 16 of the Rule Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rule”). They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2016.

These unaudited condensed consolidated interim financial statements have been prepared under the historical cost convention, except for certain financial assets and financial liabilities, which are carried at fair values.

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

The Interim Financial Statements are presented in Hong Kong Dollars (“HK\$”) which is the same as the functional currency of the Company and all values are rounded to the nearest thousand (HK\$'000), except when otherwise indicated.

(b) Judgments and estimates

In preparing these Interim Financial Statements, management make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2016.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2017

2. APPLICATION OF NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Interim Financial Statements has been prepared under the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values.

The Group has adopted the following revised International Financial Reporting Standards (“IFRSs”)(which include all International Financial Reporting Standards, IASs and Interpretations) issued by the International Accounting Standards Board for the first time for these Interim Financial Statements.

IAS 7 (Amendments)

Disclosure Initiative

IAS 12 (Amendments)

Recognition of Deferred Tax Assets for Unrealized Losses

The adoption of the revised IFRSs has had no significant financial effect on these Interim Financial Statements and there have been no significant changes to the accounting policies applied in these Interim Financial Statements.

3. TURNOVER AND SEGMENT INFORMATION

The chief operating decision-maker has been identified as the key management. This key management reviews the Group’s internal reporting in order to assess performance and allocate resources. Key management has determined the operating segments based on these announcements.

The key management considers the business from both a business and geographic perspective. From a business perspective, key management assesses the performance of Internet & Mobile’s Application & Related Accessories, and Trading of Security & Biometric Products, Solutions, Projects and Services opening segments.

- Internet & Mobile’s Application & Related Accessories segment is mobile and gaming industry and in particular in Online gaming, Utilities Applications for iOS, Androids and Mass Advertising.
- Trading of security & Biometric Products segment consists of biometrics and RFID products for consumer applications. Examples include the biometric and RFID products and components for commercial use. The Group predominantly sells to distributors, system integrators and security system providers.

The accounting policies of the reportable segments are the same as the Group’s accounting policies. The key management assesses the performance of the business segments based on a measure of gross loss. Segment assets include all tangible, intangible assets and current assets with the exception of other corporate assets. Segment liabilities include trade payables, accruals and other payables except of current and deferred tax liabilities, other corporate liabilities attributable to the individual segments and other borrowings managed directly by the segments.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2017

3. TURNOVER AND SEGMENT INFORMATION (continued)

The following table presents the Group's turnover, segment results and other information for operating segments for the six months ended 30 June 2017 and 30 June 2016 and segment assets and segment liabilities as at 30 June 2017 and 31 December 2016:

	Internet & Mobile's Application & Related Accessories		Trading of Security & Biometric products		Unallocated		Total	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Turnover								
– external sales	27,224	20,160	–	51	–	–	27,224	20,211
Segment results	6,187	2,216	–	–	–	–	6,187	2,216
Other operating income	–	–	–	591	223	80	223	671
Depreciation	–	(40)	(4)	(27)	(306)	(45)	(310)	(112)
Amortisation of intangible assets	(5,150)	(4,304)	–	–	–	–	(5,150)	(4,304)
Change on fair value of financial assets at fair value through profit or loss	–	–	–	–	(166,453)	(71,603)	(166,453)	(71,603)
Unallocated expenses	–	–	–	–	(60,740)	(9,841)	(60,740)	(9,841)
Finance costs	–	–	–	–	(2,450)	(43)	(2,450)	(43)
Loss before taxation	–	–	–	–	(319,082)	(81,452)	(318,549)	(83,016)
Taxation	–	–	–	–	42,276	9,427	42,276	9,427
Loss for the period	–	–	–	–	(276,806)	(72,025)	(276,273)	(73,589)
Segment assets	111,192	290,474	1,908	1,785	684,122	831,143	797,222	1,123,402
Segment liabilities	23,841	32,170	327	394	118,148	192,861	142,316	225,425
Other segment information:								
Depreciation	–	(40)	(4)	(27)	(306)	(45)	(310)	(112)
Amortisation of intangible assets	(5,150)	(4,304)	–	–	–	–	(5,150)	(4,304)
Fair value loss on derivative financial assets	–	–	–	–	(76,181)	–	(76,181)	–
Realised and unrealised loss on available-for-sale financial assets	–	–	–	–	(13,175)	–	(13,175)	–

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2017

3. TURNOVER AND SEGMENT INFORMATION (continued)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2016: nil).

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of other revenue and gains, realised and unrealised on fair value of financial assets at fair value through profit or loss, realised and unrealised on available-for-sale financial assets, fair value on derivative financial assets, administrative expenses, other operating expenses, finance costs and taxation. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Revenue from major products and services

The Group's turnover from its major products and services were as follow:

	For the six months ended 30 June	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Internet & Mobile's Application & Related Accessories	27,224	20,160
Trading of Security & Biometric Products	–	51
	27,224	20,211

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2017

4. OTHER REVENUE AND GAINS

	For the six months ended 30 June	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Other revenue		
Bank interest income	–	55
Sundry income	216	18
	216	73
Other gains		
Gain on disposal of financial assets at fair value through profit or loss	–	591
Foreign exchange gain	–	7
Reversal of impairment loss on trade receivables	7	–
	7	598
	223	671

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2017

5. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	For the six months ended 30 June	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Finance costs		
Bank charges	4	43
Interest expenses on convertible notes	2,446	–
	2,450	43
Other items		
Cost of inventories sold	309	1,946
Depreciation	310	112
Amortisation of intangible assets	5,150	4,304
Loss on fair value change on derivative financial assets	76,181	–
Realised and unrealised loss on financial assets at fair value through profit or loss	166,453	–
Share-base payment expense	51,590	–
Realised and unrealised loss on available-for-sale financial assets	13,175	–

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2017

6. TAXATION

	For the six months ended 30 June	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Current tax expenses in respect of the current year – HK	–	243
Reversal of deferred tax	(42,276)	(9,670)
	(42,276)	(9,427)

Hong Kong Profits Tax is calculated at 16.5% (2016: 16.5%) of the estimated assessable profits for the period.

No provision for Hong Kong Profits Tax and Malaysian Income Tax has been made for 2017 and 2016 as the Company and its subsidiaries had no assessable profits arising in Hong Kong and Malaysia.

Malaysian Income Tax is calculated at the statutory tax rate of 25% (2016: 25%) of the estimated assessable profit for the period. The corporate tax rate for companies with paid-up capital of Malaysian Ringgit 2.5 million and below at the beginning of the basis period for the years of assessment are as follows: The first Malaysian Ringgit 500,000 chargeable income is charged at the rate of 20% (2016: 20%) for the period and the amount of chargeable income exceeding Malaysian Ringgit 500,000 is charged at the rate of 25% (2016: 25%) for the period.

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% for the period (2016: 25%).

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

Deferred tax charges represent tax effects of amortization and impairment of intangible assets and change on fair value of financial assets at fair value through profit or loss for the period ended 30 June 2017.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2017

7. LOSS PER SHARE

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

Loss

	For the six months ended 30 June	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Loss for the purpose of basic and diluted loss per share		
Loss for the period attributable to owners of the Company	(276,183)	(71,695)

Number of shares

	For the six months ended 30 June	
	2017 (unaudited)	2016 (unaudited)
Weight average number of ordinary shares for the purposes of basic and diluted loss per share	2,417,356,118	1,516,037,436

The calculation of the diluted loss per share for the periods ended 30 June 2017 and 2016 did not assume the exercise of the Company's outstanding share options as the effect is anti-dilutive.

8. INTERIM DIVIDENDS

The directors of the Company do not recommend the payment of an interim dividend in respect of the period ended 30 June 2017 (2016: Nil).

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2017, the Group acquired property, plant and equipment of approximately HK\$828,000 (for the six months ended 30 June 2016: Nil). No items of property, plant and equipment was disposed during the six months ended 30 June 2017 (for six months ended 30 June 2016: Nil).

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2017

10. TRADE RECEIVABLES

The aging analysis of the trade receivables is as follows:

	As at 30 June 2017 HK\$'000 (unaudited)	As at 31 December 2016 HK\$'000 (audited)
0–30 days	3,600	2,982
31–60 days	5,015	2,280
61–90 days	6,300	2,350
91–180 days	3,902	3,892
Over 180 days	14,796	25,762
	33,613	37,266
Impairment loss on trade receivables	(338)	(338)
	33,275	36,928

The Group has no significant concentrations of credit risk, with exposure spreads over a large number of customers.

The trade receivables are generally on 30–180 days credit terms. The directors of the Company consider that the carrying amounts of trade receivables approximate to their fair values.

11. TRADE PAYABLES

The aging analysis of the trade payables is as follows:

	As at 30 June 2017 HK\$'000 (unaudited)	As at 31 December 2016 HK\$'000 (audited)
0–30 days	3,000	4,308
31–60 days	4,179	2,016
Over 60 days	22,442	31,685
	29,621	38,009

Trade payables are generally settled on 0–60 days terms. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe. The directors of the Company consider that the carrying amounts of trade payables approximate to their fair values.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2017

12. FINANCIAL INSTRUMENTS

(a) Fair values of financial assets and liabilities measured at amortised costs

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised costs in condensed consolidated financial statement approximately their fair values.

(b) Financial instruments carried at fair value

Fair value hierarchy

The table below analyses recurring fair value measurements for financial assets and financial liabilities.

	As at 30 June 2017	As at 31 December 2016
Level 1		
Financial assets at fair value through profit or loss:		
Listed equity securities at Hong Kong	2,002	182,122
Available-for-sales financial assets:		
Listed equity securities at Hong Kong	7,824	23,026
Level 2		
Derivative financial instruments:		
Redemption option of convertible notes (Note)	53,448	182,198
	63,274	387,346

Note: Convertible notes are measured at fair value at the end of each reporting period. Convertible notes are determined with Binomial option pricing model as valuation technique and all inputs are observable except the credit spread which should be considered as Level 2.

There were no transfers between Level 1 and 2 and 3 for the period ended 30 June 2017 and for the year ended 31 December 2016.

All of the financial instruments carried at fair value are value using quoted bid prices in an active market.

13. COMMITMENTS

The Group had no capital commitment as at 30 June 2017 and 31 December 2016.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2017

14. SHARE-BASED PAYMENTS

A post listing share option scheme (the “Post Listing Scheme”) was adopted by the Company on 16 October 2008.

Share options are granted to the directors and employees of the Group to subscribe for shares in China e-Wallet Payment Group Limited.

	Post Listing Scheme			
	2017		2016	
	Weighted average exercise price per share	Number of options	Weighted average exercise price per share	Number of options
As at 1 January 2017/2016	HK\$25.44	316,295	HK\$25.44	316,295
Lapsed	HK\$25.44	(303,382)	–	–
As at 30 June 2017 (unaudited) 31 December 2016 (audited)	HK\$25.44	(303,382)	HK\$25.44	316,295

The options have contractual option terms of 10 years. There are 12,913 outstanding options (for the year ended 31 December 2016: 316,295 options) which no options are exercised for the six months ended 30 June 2017 (for the year ended 31 December 2016: Nil). Weighted average remaining contractual life of options outstanding as at 30 June 2017 is 2.8 years (as at 31 December 2016: 3.3 years).

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2017

14. SHARE-BASED PAYMENTS (continued)

A new share option scheme (the "New Share Option Scheme") was adopted by the Company on 28 June 2013 which are granted to eligible participants of the Company.

	New Share Option Scheme			
	2017		2016	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
As at 1 January 2017/2016	HK\$0.24	5,000,000	–	–
Granted	HK\$0.586	152,320,000	HK\$0.24	25,000,000
Exercised	HK\$0.24	–	HK\$0.24	(20,000,000)
As at 30 June 2017 (unaudited) 31 December 2016 (audited)	HK\$0.575	157,320,000	HK\$0.24	5,000,000

The contractual option term of the share options granted in 2016 and 2017 are 3 years and 10 years respectively. There are 157,320,000 outstanding options as at 30 June 2017 and the weighted average remaining contract life of the options outstanding as at 30 June 2017 is 9.7 years.

15. CONTINGENT LIABILITIES

As at 30 June 2017 and 31 December 2016, the Group had no significant contingent liabilities.

16. SUBSEQUENT EVENTS

On 28 July 2017, the Company granted a total of 248,370,000 share options to subscribe for ordinary shares of per value HK\$0.04 each for the Company, representing approximately 4.61% of the issued shares of the Company under the Company's share option scheme. For the detail, please refer to the Company's announcement dated 31 July 2017.

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

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2017.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2017, none of the Directors or chief executives had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Cap. 571 of the Laws of Hong Kong (the "SFO")) as recorded in the register required to be kept by the Company under Section 352 of the SFO; or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "HKSE") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code").

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2017, the following persons or companies (other than the Directors and chief executives) had interest or short positions in the shares and underlying shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Long position in the ordinary shares of the Company

Name of shareholders	Capacity/ Nature of interest	Number of shares	Number of underlying shares	Total number of shares and underlying shares	Approximate percentage of issued share capital (Note 2)
The Offshore Group Holdings Limited (Note 1)	Beneficial owner	53,515,556	–	53,515,556	5.34%
Chan Chun Chuen (Note 1)	Interest of controlled corporation	53,515,556	–	53,515,556	5.34%
Tam Miu Ching (Note 1)	Spousal interest	53,515,556	–	53,515,556	5.34%

Notes:

1. The entire issued share capital of The Offshore Group Holdings Limited ("Offshore") is beneficially owned by an individual, Mr. Chan Chun Chuen. Ms. Tam Miu Ching is the wife of Mr. Chan Chun Chuen. As at 30 June 2016, Offshore holds 13,378,889 Consolidated shares and 66,894,445 Offer shares under the Open Offer. Therefore, Mr. Chan Chun Chuen and Ms. Tam Miu Ching are deemed to be interested in the 80,273,334 shares held by Offshore under the SFO.
2. It represents the approximately percentage of total issued shares as at 30 June 2016.

At 30 June 2017, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that there is no person (other than the Directors and chief executive of the Company) had interests or short positions in the issued share capital of the Company which would fall to be disclosed to the Company and the Stock Exchange.

Save as disclosed above, the Company had been notified of any other relevant interest or short positions in the issued share capital of the Company as at 30 June 2017.

SHARE OPTION SCHEME AND POST LISTING SHARE OPTION SCHEME

A share option scheme (the “Pre-listing Scheme”) was adopted by the Company on 28 June 2004 and was amended on 7 June 2006. The Pre-listing Scheme had been terminated on 10 February 2009. A post listing share option scheme (the “Post Listing Scheme”) was adopted by the Company on 16 October 2008. Pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 28 June 2013, the Post Listing Scheme was terminated and a new share option scheme (the “New Share Option Scheme”) was adopted. Summary of principal terms of the Pre-listing Scheme, Post Listing Scheme and New Share Option Scheme were outlined in the Company’s annual report for the year ended 31 December 2016 under the section “Directors’ Report”.

Share Option Schemes

Movements of the share options granted under the Post Listing Scheme during the period ended 30 June 2017 are as follows:

	Outstanding as at 1 January 2017	Granted during the six months ended 30 June 2017	Exercised during the six months ended 30 June 2017	Lapsed during the six months ended 30 June 2017	Cancelled during the six months ended 30 June 2017	Outstanding as at 30 June 2017 (Note 1)	Date of grant	Vesting period	Exercisable period	Exercise price (Note)
Other employees										
In aggregate	303,382	-	-	(303,382)	-	-	29.04.2010	-	29.04.2010-28.03.2017	HK\$25.44
	12,913	-	-	-	-	12,913	29.04.2010	1 year	29.04.2011-28.04.2020	HK\$25.44
Total	316,295	-	-	-	-	12,913				

Note:

Pursuant to the terms of the Post Listing Scheme adopted on 16 October 2008, the exercise price of the share options granted under the Post Listing Scheme and the number of shares to be allotted and issued upon exercise in full of the subscription rights attaching to the outstanding share options have been adjusted to HK\$25.44 and 316,295 respectively, with effect from 25 August 2015, as a result of the share consolidation and open offer of ordinary shares of the Company.

Movements of the share options granted under the New Share Option Scheme during the period ended 30 June 2017 are as follows:

	Outstanding as at 1 January 2017	Granted during the six months ended 30 June 2017	Exercised during the six months ended 30 June 2017	Lapsed during the six months ended 30 June 2017	Cancelled during the six months ended 30 June 2017	Outstanding as at 30 June 2017	Date of grant	Vesting period	Exercisable period	Exercise price
Eligible participants	5,000,000	-	-	-	-	5,000,000	26.01.2016	-	26.01.2016 – 25.01.2019	HK\$0.237
Total	5,000,000	-	-	-	-	5,000,000				

Note:

Closing price of the shares on the last trading day prior to the date of grant was HK\$0.24 per share.

Other than as disclosed above, no other share option was granted, cancelled, lapsed or exercised pursuant to the Pre-listing Scheme, Post Listing Scheme and New Share Option Scheme of the Company during the period ended 30 June 2017.

CORPORATE GOVERNANCE CODE

The Company adopted the code provisions set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Rules Governing the Listing of Securities on the HKSE (the “Hong Kong Listing Rules”) as its additional code on corporate governance practices on 2 February 2009. The Company has complied with the CG Code throughout the six months ended 30 June 2017.

NON-COMPLIANCE WITH RULES 3.10(1) AND 3.21 OF HONG KONG LISTING RULES

On 5 June 2017, the Company failed to comply with Rules 3.10(1) and 3.21 of the Hong Kong Listing Rules after the retirement of Mr. Liu Wen as an independent non-executive Director, chairman of the nomination committee, member of the audit committee and remuneration committee of the Company. As a result, the composition of the Board, audit committee and remuneration committee of the Company fell below the requirements under Rules 3.10(1) and 3.21 of the Hong Kong Listing Rules. The Company is endeavouring to identify suitable candidate(s) to fill the vacanc(ies) as soon as practicable, with the relevant appointment to be made within three months from 5 June 2017 to meet the requirements under the Hong Kong Listing Rules.

DIRECTORS’ DEALING IN THE COMPANY’S SECURITIES

The Company has adopted the Model Code set out in Appendix 10 of the Hong Kong Listing Rules (the “Model Code”) as its code of conduct for securities transactions by Directors and the relevant employees of the Group.

The Directors have confirmed, following a specific enquiry by the Company, that they fully complied with the required standard as set out in the Model Code throughout the six months ended 30 June 2017.

AUDIT COMMITTEE

As at the date of publication, the audit committee of the Company (the “Audit Committee”) comprised of two members, namely Mr. Kwan King Wah as chairman with Ms. Lo Suet Lai, an independent non-executive Director.

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group, and discussed auditing, internal control and financial reporting matters including the review of the Company’s unaudited financial statements for the six months ended 30 June 2017.

PUBLICATION OF INTERIM REPORT

The interim report will be published on the Company’s website (www.rcg.tw) and the HKSE’s website (www.hkex.com.hk) in due course.

By Order of the Board of
China e-Wallet Payment Group Limited
Li Jinglong
Executive Director

Hong Kong, 31 August 2017

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

Executive Directors:

Li Jinglong

Zhang Ligong

Wang Zhongling

Independent Non-executive Directors:

Lo Suet Lai

Kwan King Wah