



China e-Wallet Payment Group Limited
中國錢包支付集團有限公司*
(a company incorporated in Bermuda with limited liability)
(Stock Code: 802)

INTERIM REPORT **2019**



* For purpose of identification only

CONTENTS

2	Director's Statement
3	Management Discussion and Analysis
7	Information Provided in Accordance with the Listing Rules
9	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

DIRECTOR'S STATEMENT

Dear shareholders,

On behalf of the Board of directors (the "Directors") of China e-Wallet Payment Group Limited (the "Company") and its subsidiaries (collectively known as the "Group"), I am pleased to present the Group's unaudited interim results for the six months ended 30 June 2019, which consists of reporting on the activities, results and strategies of the Company.

BUSINESS ENVIRONMENT

Operating in a difficult backdrop that included intensified US-China trade and technology tensions as well as prolonged uncertainty on Brexit, coupled with the gradual slowing down in domestic China market, momentum in the business activities remained soft in the first half of 2019.

As for the second half of the 2019, we would expect that the worst case scenario caused by the trade war have been taken into account by most of our customers. However, the newly restructuring of the global supply chain, especially the new supply chain eco-system in China, will take time to see its contributions towards the market. Hence, the Group expects the demand for its services to remain inertial for the period. The Group remains cautious in capital spendings and is focused on its cost management.

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

28 August 2019

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

“Internet and Mobile’s Application and Related Accessories” is the Group’s main business. The Group specialized in providing programming and advertising solutions in mobile platform with branch office in Hong Kong, Shenzhen and Shanghai. The programming teams of the Group have extensive experience on developing mobile application and interactive virtual reality technologies for well-known companies in Hong Kong and overseas. The Group is also engaged in the business of distribution of computer-related and mobile-related electronic products and accessories.

The Group believe that the business of “Internet and Mobile’s Application and Related Accessories” as a key growth area, is in-line with the rapid growth of the mobile and gaming industry and in particular in application development for merchants, online gaming, interactive virtual reality experience and utilities applications for mobile platform and mass advertising.

During the six months ended 30 June 2019, the Group recorded a revenue of approximately HK\$45.2 million, representing a slightly decrease of 2.1% compared to the same period in 2018. The revenue of the Group was mainly attributable to the application development income generated by continuous efforts in diversification into settlement application market. The Company already procured thousands of merchants to participate in its settlement application services. In order to capture its market share and procure sizable merchants in a short period of time, the Company would paid earnest deposits to these merchants. The earnest deposits would be subsequently utilized as incentives by giving E-coupons or discounts to the customers of the merchants. In return, the Company would share the transaction fee from the settlement application services and receive rebate income from these merchants. During the last quarter of 2018, the Group expanded its settlement application services through the acquisition of Goodwill Alliance International Limited (“Goodwill Alliance”). Goodwill Alliance is mainly engaged in referring merchants to Alipay.com Co., Ltd. to use the Alipay services in the PRC and has a certain sizable clientele in the PRC. The Group expects to realize synergistic effect as a result of the acquisition.

The Group reported a net loss of approximately HK\$25.5 million for the six months ended 30 June 2019. The increase of net loss was mainly attributable to the recognition of share-based payment of approximately HK\$23.5 million.

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2019, the Group reported a revenue of HK\$45.2 million representing a slightly decrease of 2.1% compared to HK\$46.2 million in the same period in 2018. The revenue of the Group was mainly attributable to the application development income generated by continuous efforts in diversification into settlement application market.

Gross profit and gross profit margin

Gross profit in the first half of 2019 was HK\$4.8 million which is a decrease, as compared to a gross profit of HK\$5.5 million in the same period of 2018.

Administrative expenses

Administrative expenses increased by HK\$20.6 million from HK\$11.2 million in the first half of 2018 to HK\$31.8 million in the same period in 2019. The increase was mainly due to during the first half of 2019, a share-based payment amounting to HK\$23.5 million was recognised.

Loss before taxation

Loss before taxation is HK\$25.1 million for the six months ended 30 June 2019, compared to a loss before taxation of HK\$7.4 million in the same period in 2018. The loss before taxation in the first half year in 2019 was mainly attributable by the recognition of share-based payment of approximately HK\$23.5 million.

Taxation

Income tax changed from HK\$0.5 million expense in first half of 2018 to a HK\$0.4 million expense in same period in 2019.

Loss for the period

The Group's loss for the period was HK\$25.5 million compared to a loss of HK\$7.9 million in the same period in 2018.

Loss attributable to owners of the Company

Loss attributable to owners of the Company changed from a loss of HK\$7.7 million in the first half of 2018 to a loss of HK\$25.3 million in the same period of 2019.

Gearing ratio

As at 30 June 2019, the Group's gearing ratio was 2.8%, as compared to 2.8% as at 31 December 2018. The gearing ratio was calculated as the Group's total debt divided by its total capital. The total debt of the Group was approximately HK\$15.0 million as at 30 June 2019. Total capital is calculated as total shareholder equity of HK\$511.3 million plus debt.

LIQUIDITY AND CAPITAL RESOURCES

The Group funds its operations by internal financial resources. 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. 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. There have been no material changes in the Group's underlying drivers during the period under review.

The Group did not incur any material capital expenditure during the six months ended 30 June 2019 and 2018.

The Group had cash and cash equivalents of HK\$10.3 million as at 30 June 2019 compared to HK\$18.1 million as at 31 December 2018.

CONTINGENT LIABILITIES

As at 30 June 2019, the Group had no contingent liabilities (31 December 2018: HK\$ Nil).

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.

CHARGES ON GROUP'S ASSETS

As at 30 June 2019, none of the assets of the Group has been pledged to secure any loan granted to the Group.

SIGNIFICANT INVESTMENTS

As at 30 June 2019, the Group did not hold any significant investments.

HUMAN RESOURCES

As at 30 June 2019, in addition to the directors of the Company (the “Directors”), there were approximately 49 employees (31 December 2018: 52) of the Group stationed in the Group’s offices in Hong Kong, the People’s Republic of China (the “PRC”), Macau and Malaysia.

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 had continued the efforts to consolidate and realign its businesses to enable the Group to achieve improvements in its financial position. The Group will utilise its existing technical knowledge and programmers to diversify its income stream and will continue to work towards, attaining a stable platform for sustainability and basis for continuous growth.

By leveraging the knowledge on its interactive virtual reality programming on different business sectors, such as animation and culture, during the last quarter of 2018, the Group obtained the license from the largest Japanese animation studio to conduct an interactive animation exhibition, named “Dragon Ball Super-Immersive Lab” in Hong Kong during the first quarter of 2019. The Group will continue to explore the potential of this business opportunities and utilize its resource with prudence in the future.

INFORMATION PROVIDED IN ACCORDANCE WITH THE LISTING RULES

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 Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “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 2019.

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 2019.

DIRECTORS’ DEALING IN THE COMPANY’S SECURITIES

The Company has adopted the Model Code set out in Appendix 10 of the 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 2019.

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

As at 30 June 2019, 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 pursuant to the Model Code.

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

Save as disclosed below, as at 30 June 2019, none of the 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 and were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote on all circumstances at general meeting of any other members of the Group.

Name	Capacity	No. of issued ordinary shares of the Company	Approximate percentage of interest
Song Qifeng	Beneficial owner	226,590,000	8.7%

INFORMATION PROVIDED IN ACCORDANCE WITH THE LISTING RULES

SHARE OPTION SCHEME

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 Post Listing Scheme and New Share Option Scheme were outlined in the Company’s annual report for the year ended 31 December 2018 under the section “Directors’ Report”.

Movements of the share options granted under the share option scheme of the Company during the period ended 30 June 2019 are as follows:

	Outstanding as at 1 January 2019	Granted	Exercised	Lapsed	Cancelled	Outstanding as at 30 June 2019	Date of grant	Vesting period	Exercisable period	Exercise price HK\$
Post Listing Scheme										
Employees	12,913	-	-	-	-	12,913	29.04.2010	1 year	29.04.2011 – 28.04.2020	25.44
New Share Option Scheme										
Consultants	5,000,000	-	-	5,000,000	-	-	26.01.2016	-	26.01.2016 – 25.01.2019	0.2370
Employees	152,320,000	-	-	152,320,000	-	-	01.06.2017	-	01.06.2017 – 31.05.2027	0.5700
Employees	248,370,000	-	-	-	-	248,370,000	28.07.2017	-	28.07.2017 – 27.07.2027	0.1990
Employees	-	274,370,000	-	-	-	274,370,000	15.04.2019	-	15.04.2019 – 14.04.2029	0.2134
Total	405,702,913	274,370,000	-	157,320,000	-	522,752,913				

AUDIT COMMITTEE

The audit committee of the Company (the “Audit Committee”) comprises three members, namely Mr. Kwan King Wah as chairman with Mr. Cheng Ruixiong and Ms. Lo Suet Lai, the independent non-executive Directors.

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 2019.

BOARD OF DIRECTORS

The Board comprises three executive Directors, namely Mr. Li Jinglong, Mr. Zhang Ligong and Mr. Wang Zhongling, and three independent non-executive Directors, namely Mr. Cheng Ruixiong, Mr. Kwan King Wah and Ms. Lo Suet Lai.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019

	Notes	For the six months ended 30 June	
		2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Revenue	3	45,183	46,153
Cost of sales		(40,401)	(40,658)
Gross profit		4,782	5,495
Other revenue and gains	4	15	151
Fair value loss on derivative financial assets		(292)	(6,670)
Unrealised gain on financial assets at fair value through profit or loss, net		2,616	5,232
Impairment loss on available-for-sale financial assets, net		–	(23)
Administrative expenses		(31,808)	(11,163)
Loss from operations		(24,687)	(6,978)
Finance costs		(446)	(443)
Loss before taxation	5	(25,133)	(7,421)
Taxation	6	(365)	(510)
Loss for the period		(25,498)	(7,931)
Loss for the period attributable to:			
Owners of the Company		(25,326)	(7,668)
Non-controlling interests		(172)	(263)
		(25,498)	(7,931)
Loss per share			
– Basic and diluted (HK cents)	7	(0.92)	(0.28)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019

	For the six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Loss for the period	(25,498)	(7,931)
Other comprehensive income/(loss) for the period:		
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	305	(2,226)
Total comprehensive loss for the period	(25,193)	(10,157)
Total comprehensive loss for the period attributable to:		
Owners of the Company	(25,021)	(9,894)
Non-controlling interests	(172)	(263)
	(25,193)	(10,157)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Notes	As at 30 June 2019 HK\$'000 (Unaudited)	As at 31 December 2018 HK\$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	9	1,567	1,653
Goodwill		4,686	4,686
Intangible assets		30,740	32,401
		36,993	38,740
Current assets			
Financial assets at fair value through profit or loss		19,594	17,044
Trade receivables	10	43,899	41,287
Deposits, prepayments and other receivables		478,295	488,951
Derivative financial assets		250	542
Cash and bank balances		10,345	18,125
		552,383	565,949
Total assets		589,376	604,689
CAPITAL AND RESERVES			
Share capital		109,749	109,749
Reserves		401,553	403,060
Equity attributable to owners of the Company		511,302	512,809
Non-controlling interests		11,899	12,071
Total equity		523,201	524,880

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Notes	As at 30 June 2019 HK\$'000 (Unaudited)	As at 31 December 2018 HK\$'000 (Audited)
LIABILITIES			
Non-current liability			
Deferred tax liabilities		11,041	11,487
Current liabilities			
Trade payables	11	13,447	24,993
Accruals and other payables		25,205	27,500
Convertible notes		14,969	14,709
Tax payable		1,513	1,120
		55,134	68,322
Total liabilities		66,175	79,809
Total equity and liabilities		589,376	604,689
Net current assets		497,249	497,627
Total assets less current liabilities		534,242	536,367

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

	Attributable to the owners of the Company									Non-controlling interests	Total
	Share capital	Share premium	Share-based compensation reserve	Capital reserve	Convertible equity reserve	Translation reserve	Legal reserve	Accumulated loss	Sub-total		
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
As at 1 January 2018 (Audited)	109,749	2,828,249	82,420	(872)	20,902	(31,907)	48	(2,420,906)	587,683	18,852	606,535
Loss for the period	-	-	-	-	-	-	-	(7,668)	(7,668)	(263)	(7,931)
Other comprehensive loss for the period	-	-	-	-	-	(2,226)	-	-	(2,226)	-	(2,226)
Total comprehensive loss for the period	-	-	-	-	-	(2,226)	-	(7,668)	(9,894)	(263)	(10,157)
As at 30 June 2018 (Unaudited)	109,749	2,828,249	82,420	(872)	20,902	(34,133)	48	(2,428,574)	577,789	18,589	596,378
As at 1 January 2019 (Audited)	109,749	2,828,249	82,420	(872)	20,902	(31,414)	48	(2,496,273)	512,809	12,071	524,880
Loss for the period	-	-	-	-	-	-	-	(25,326)	(25,326)	(172)	(25,498)
Other comprehensive income for the period	-	-	-	-	-	305	-	-	305	-	305
Total comprehensive income/(loss) for the period	-	-	-	-	-	305	-	(25,326)	(25,021)	(172)	(25,193)
Grant of share option	-	-	23,514	-	-	-	-	-	23,514	-	23,514
Lapse of share option	-	-	(52,938)	-	-	-	-	52,938	-	-	-
As at 30 June 2019 (Unaudited)	109,749	2,828,249	52,996	(872)	20,902	(31,109)	48	(2,468,661)	511,302	11,899	523,201

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

	For the six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Net cash (used in)/generated from operating activities	(8,085)	11,046
Net cash generated from investing activities	–	46
Net (decrease)/increase in cash and cash equivalents	(8,085)	11,092
Cash and cash equivalents at the beginning of the period	18,125	37,195
Effect of foreign exchange rate changes	305	(6,226)
Cash and cash equivalents as at 30 June	10,345	42,061
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	10,345	42,061
Cash and cash equivalents as at 30 June	10,345	42,061

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2019

1. BASIS OF PREPARATION

Statement of compliance

The unaudited condensed consolidated interim financial statements (the “**Interim Financial Statements**”) have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with Hong Kong Accounting Standard (the “**IAS**”) 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (“**IASB**”).

The interim financial report has been prepared in accordance with same accounting policies adopted in the 2018 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2019 annual financial statements. Details of any changes in accounting policies are set out in note 2. The preparation of an interim financial report in conformity with IAS 34 requires management to make judgement, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

2. APPLICATION OF NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)

In the current interim period, the Group has applied, for the first time, the following new and amendments to IFRSs (“**new and revised IFRSs**”) issued by the IASB which are mandatory effective for the annual period beginning on or after 1 January 2019 for the preparation of the Group’s condensed consolidated financial statements:

IFRS 16	Leases
IFRIC-Int 23	Uncertainty over Income Tax Treatments
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to IFRSs	Annual Improvements to IFRSs 2015-2017 Cycle

Except as described below, the application of the new and amendments to IFRSs in the current period as had no material impact on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2019

2. APPLICATION OF NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (Continued)

IFRS 16 Leases

The Group leases various offices. Rental contracts are typically made for fixed periods. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset’s useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments (including insubstance fixed payments).

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise small items of office furniture.

The Group has adopted IFRS 16 from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the simplified transition approach in the standard. The reclassifications and the adjustments arising from the new leasing standards are therefore recognised in the opening balance sheet on 1 January 2019.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as “operating leases” under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 January 2019 in each territory or region where the lease assets are located.

3. REVENUE 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 reports.

The key management considers the business from both a business and geographic perspective. From business perspective, key management assesses the performance of internet and mobile's application and related accessories and trading of security and biometric products operating segments.

- Internet & mobile's application and related accessories segment are mobile payment platform and gaming industry and in particular in application development for merchants, online gaming, interactive virtual reality experience utilities application for mobile platform and mass advertising;
- Trading of security & biometric products segment consists of biometrics and RFID products for consumer applications. 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. Segments performance is evaluated base on reportable segments gross profit which is a measure of segment profit.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2019

3. REVENUE AND SEGMENT INFORMATION (Continued)

The following table presents the Group's turnover, segment results and other information for business segments:

	Internet and Mobile's Application and Related Accessories For the six months ended 30 June		Trading of Security and Biometric Products For the six months ended 30 June		Unallocated For the six months ended 30 June		Total For the six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Revenue								
- external sales	45,183	46,153	-	-	-	-	45,183	46,153
Segment results	4,782	5,495	-	-	-	-	4,782	5,495
Unallocated other operating income					15	151	15	151
Fair value loss on derivative financial assets					(292)	(6,670)	(292)	(6,670)
Unrealised gain on financial assets at fair value through profit or loss, net					2,616	5,232	2,616	5,232
Depreciation	(83)	-	-	(4)	-	(285)	(83)	(289)
Amortisation of intangible assets	(1,246)	-	-	-	-	-	(1,246)	-
Impairment loss on available-for-sale financial assets, net	-	-	-	-	-	(23)	-	(23)
Unallocated expenses					(30,479)	(10,874)	(30,479)	(10,874)
Finance costs					(446)	(443)	(446)	(443)
Loss before taxation							(25,133)	(7,421)
Taxation							(365)	(510)
Loss for the period							(25,498)	(7,931)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current interim period (2018: Nil).

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit represents the profit earned incurred by each segment without allocation of other revenue and gains, unrealised gain on financial assets at fair value through profit or loss, fair value loss 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.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2019

3. REVENUE AND SEGMENT INFORMATION (Continued)

Segment assets and liabilities

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than derivative financial assets, financial assets at fair value through profit or loss and other financial assets. Assets used jointly by segments are allocated on the basis of the revenues earned by individual segments; and
- all liabilities are allocated to operating segments other than convertible notes, deferred tax liabilities and other financial liabilities. Liabilities for which segments are jointly liable are allocated in proportion to segment assets.

	Internet and Mobile's Application and Related Accessories		Trading of Security and Biometric Products		Unallocated		Total	
	As at 30 June 2019 HK\$'000 (Unaudited)	As at 31 December 2018 HK\$'000 (Audited)	As at 30 June 2019 HK\$'000 (Unaudited)	As at 31 December 2018 HK\$'000 (Audited)	As at 30 June 2019 HK\$'000 (Unaudited)	As at 31 December 2018 HK\$'000 (Audited)	As at 30 June 2019 HK\$'000 (Unaudited)	As at 31 December 2018 HK\$'000 (Audited)
Segment assets	169,979	168,957	28	28	419,369	435,704	589,376	604,689
Segment liabilities	18,417	29,962	270	306	47,488	49,541	66,175	79,809

	For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Other segment information:								
Fair value loss on derivative financial assets	-	-	-	-	(292)	(6,670)	(292)	(6,670)
Unrealised gain on financial assets at fair value through profit or loss, net	-	-	-	-	2,616	5,232	2,616	5,232
Depreciation	(83)	-	-	(4)	-	(285)	(83)	(289)
Amortisation of intangible assets	(1,246)	-	-	-	-	-	(1,246)	-
Impairment loss on available-for-sale financial assets, net	-	-	-	-	-	(23)	-	(23)

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2019

3. REVENUE AND SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

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

Disaggregation of revenue from contracts with customers

	For the six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Revenue from contracts with customers:		
Revenue is analysis by type of goods and services		
Mobile's application development and settlement application services	41,860	42,955
Computer and mobile related electronic products	3,323	3,198
	45,183	46,153
Timing of revenue recognition		
A point in time	45,183	46,153
Geographical market:		
Hong Kong	3,323	23,717
Other Asian Countries	41,860	22,436
	45,183	46,153

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2019

3. REVENUE AND SEGMENT INFORMATION (Continued)

Geographical information

The Group operates in two principal geographical areas – Hong Kong and Other Asian Countries. The following tables provide an analysis of the Group's revenue, segment results and other information by geographical areas, irrespective of the origin of the goods and services:

Revenue and Segment results

	Revenue For the six months ended 30 June		Segment Results For the six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Hong Kong	3,323	23,717	134	5,205
Other Asian Countries	41,860	22,436	4,648	290
	45,183	46,153	4,782	5,495

	Segment assets		Segment liabilities		Additions to non-current assets		Amortisation and depreciation	
	As at 30 June 2019 HK\$'000 (Unaudited)	As at 31 December 2018 HK\$'000 (Audited)	As at 30 June 2019 HK\$'000 (Unaudited)	As at 31 December 2018 HK\$'000 (Audited)	As at 30 June 2019 HK\$'000 (Unaudited)	As at 31 December 2018 HK\$'000 (Audited)	As at 30 June 2019 HK\$'000 (Unaudited)	As at 31 December 2018 HK\$'000 (Audited)
Hong Kong	19,468	511,457	16,330	58,468	–	986	83	260
Other Asian Countries	569,908	93,232	49,845	21,341	–	–	1,246	29
	589,376	604,689	66,175	79,809	–	986	1,329	289

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2019

4. OTHER REVENUE AND GAINS

	For the six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Other revenue		
Bank interest income	1	–
Sundry income	14	1
	15	1
Other gains		
Gain on disposal of property, plant and equipment	–	150
	–	150
	15	151

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2019

5. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	For the six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Finance costs		
Interest expenses on convertible notes	446	443
Other items		
Cost of inventories sold	40,204	38,278
Depreciation	83	289
Amortisation of intangible assets	1,246	–
Fair value loss on derivative financial assets	292	6,670
Unrealised gain on financial assets at fair value through profit or loss, net	(2,616)	(5,232)
Share-based payment	23,513	–
Impairment loss on available-for-sale financial assets, net	–	23

6. TAXATION

	For the six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Current tax – Hong Kong	365	–
Reversal of deferred tax recognised in current period	–	510
	365	510

Hong Kong Profits Tax is calculated at 16.5% (2018: 16.5%) of the estimated assessable profits for the period.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2019

6. TAXATION (Continued)

Malaysian Income Tax is calculated at the statutory tax rate of 25% (2018: 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% (2018: 20%) for the period and the amount of chargeable income exceeding Malaysian Ringgit 500,000 is charged at the rate of 25% (2018: 25%) for the period.

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% for the period (2018: 25%).

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

No provision for Hong Kong Profits Tax and no provision for Malaysian Income Tax has been made for the six months ended 30 June 2019 (2018: HK\$Nil) as the Company and its subsidiaries had no assessable profits arising in Hong Kong and Malaysia.

Deferred tax charges represent tax effects of amortisation 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 2019.

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 Group's loss attributable to owners of the Company of HK\$25,236,000 (2018: HK\$7,668,000) and weighted average number of ordinary shares in issue of 2,743,729,744 (2018: 2,743,729,744).

The calculation of the diluted loss per share for the periods ended 30 June 2019 and 2018 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 2019 (2018: HK\$Nil).

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2019, the Group acquired property, plant and equipment of approximately HK\$Nil (for the six months ended 30 June 2018: HK\$104,000). Property, plant and equipment of approximately HK\$Nil was disposed during the six months ended 30 June 2019 (for six months ended 30 June 2018: HK\$1,289,000).

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2019

10. TRADE RECEIVABLES

The aging analysis of the trade receivables is as follows:

	As at 30 June 2019 HK\$'000 (Unaudited)	As at 31 December 2018 HK\$'000 (Audited)
0–30 days	12,080	13,039
31–60 days	16,210	15,664
61–90 days	480	573
91–180 days	11,090	12,092
Over 180 days	4,359	534
	44,219	41,902
Less: Allowance for expected credit losses	(320)	(615)
	43,899	41,287

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 2019 HK\$'000 (Unaudited)	As at 31 December 2018 HK\$'000 (Audited)
0–30 days	5,374	5,788
31–60 days	6,210	6,600
Over 60 days	1,863	12,605
	13,447	24,993

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 2019

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 2019	As at 31 December 2018
Level 1 Financial assets at fair value through profit or loss: Listed equity securities at Hong Kong	19,594	17,044
Level 3 Derivative financial instruments: Redemption option of convertible notes	250	542
	19,844	17,586

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 2019 and for the year ended 31 December 2018.

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 2019 and 31 December 2018.