



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)

2020

INTERIM REPORT



* For purpose of identification only

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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 2020, which consists of reporting on the activities, results and strategies of the Company.

BUSINESS ENVIRONMENT

2020 is the beginning of the new normal for the global communities. The start of outbreak on Novel Coronavirus ("COVID-19") in the People's Republic of China (the "PRC") managed to bent the global economy into a complete halt and operating in reversed, gear in some major economic power. As of to date, recognising the fact that most major nations of the world had pulled their resources together to cope with the COVID-19 pandemic, it had seen little progress in controlling the spread of the virus and a cure is still far from being perfected as we speak. Global and localised businesses had suffered severely due to the virus, coupled with geopolitical tension and financial deleverage, the world economy is at a stage of utter uncertainty. However, steps have been taken by most government in the world to introduce economy stimulus packages to break the freeze of economy and put the momentum into the financial system for it to revitalise each nation's economy. In particular, the PRC government is doing very well with combinations of fiscal and monetary policies in their stimulus package. It is expected that in the later second half of 2020, the economy of the PRC will again steam forward.

Against the encouraging backdrops of gradual economic recovery, notwithstanding the pressure and challenges in the first half of 2020 attributable to the virus and the global economy, the Group expects the second half of 2020 will turn to a recovery and sustaining stage for its businesses. The Group will continue to be cautious in capital spending while improving 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

31 August 2020

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.

The revenue of the Group was mainly attributable to the application development income generated by 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 referring merchants to Alipay.com Co., Ltd. to use the Alipay services in the PRC.

During the six months ended 30 June 2020, the Group recorded a revenue of approximately HK\$17.5 million, representing a decrease of 61.2% compared to the same period in 2019. The decrease was primarily due to the global outbreak of the COVID-19. The lock-down of different regions in the PRC during the first quarter of 2020 has adversely affected the customers of our merchants in the PRC and caused a significant decrease in the Group’s revenue.

The Group reported a net loss of approximately HK\$19.3 million for the six months ended 30 June 2020. The decrease of net loss was mainly attributable to the decrease of selling and administrative expenses by HK\$7.3 million.

FINANCIAL REVIEW

Revenue

The revenue of the Group was mainly attributable to the application development income generated by efforts in diversification into settlement application market. For the six months ended 30 June 2020, affected by COVID-19, the Group reported a revenue of HK\$17.5 million representing a decrease of 61.2% compared to HK\$45.2 million in the same period in 2019.

Gross profit and gross profit margin

Gross profit in the first half of 2020 was HK\$3.3 million which is a decrease, as compared to a gross profit of HK\$4.8 million in the same period of 2019.

Selling and administrative expenses

Selling and administrative expenses decreased by HK\$7.3 million from HK\$31.8 million in the first half of 2019 to HK\$24.6 million in the same period in 2020. The decrease was mainly due to the decrease of recognition of share based payment by HK\$13.3 million.

Loss before taxation

Loss before taxation is HK\$20.1 million for the six months ended 30 June 2020, compared to a loss before taxation of HK\$25.1 million in the same period in 2019. The decrease of loss before taxation in the first half year in 2020 was mainly attributable to the decrease of selling and administrative expenses.

Loss for the period

The Group's loss for the period was HK\$19.3 million compared to a loss of HK\$25.5 million in the same period in 2019.

Loss attributable to owners of the Company

Loss attributable to owners of the Company changed from a loss of HK\$25.3 million in the first half of 2019 to a loss of HK\$19.3 million in the same period of 2020.

Gearing ratio

As at 30 June 2020, the Group's gearing ratio was approximately 16.0%, as compared to 15.4% as at 31 December 2019. The gearing ratio was calculated as the Group's total liabilities divided by its total capital. The total liabilities and total capital of the Group were approximately HK\$71.5 million and HK\$446.8 million as at 30 June 2020.

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 2020 and 2019.

The Group had cash and cash equivalents of HK\$6.9 million as at 30 June 2020 compared to HK\$8.2 million as at 31 December 2019.

CONTINGENT LIABILITIES

As at 30 June 2020, the Group had no contingent liabilities (31 December 2019: 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 2020, none of the assets of the Group has been pledged to secure any loan granted to the Group.

SIGNIFICANT INVESTMENTS

As at 30 June 2020, the Group did not hold any significant investments.

HUMAN RESOURCES

As at 30 June 2020, in addition to the Directors, there were approximately 46 employees (31 December 2019: 49) of the Group stationed in the Group's offices in Hong Kong, 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 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 in 2019. The Group will continue to explore the potential of this business opportunities and utilize its resource with prudence in the future.

Furthermore, the outbreak of novel coronavirus COVID-19 has cast a confronting shadow over the growth prospects for the PRC. Although, the PRC government is doing very well with combinations of fiscal and monetary policies in their stimulus package, the Board expects that the overall financial results and the operations of the Group during 2020 would be impacted. It is expected that in the later second half of 2020, the economy of the PRC will again steam forward. Therefore, the Group expects the second half of 2020 will turn to a recovery and sustaining stage for its businesses.

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 2020.

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 2020.

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 2020.

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

Save as disclosed below, as at 30 June 2020, 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.

Name of Directors	Capacity	No. of share options of the Company	Approximate percentage of interest
Li Jinglong	Beneficial owner	27,400,000	1.0%
Zhang Ligong	Beneficial owner	27,400,000	1.0%
Wang Zhongling	Beneficial owner	27,400,000	1.0%
Cheng Ruixiong	Beneficial owner	27,400,000	1.0%
Lo Suet Lai	Beneficial owner	27,400,000	1.0%

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

Save as disclosed below, as at 30 June 2020, 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%

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 2019 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 2020 are as follows:

	Outstanding as at 1 January 2020	Granted	Exercised	Lapsed	Cancelled	Outstanding as at 30 June 2020	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										
Employees	248,370,000	-	-	(223,540,000)	-	24,830,000	28.07.2017	-	28.07.2017 – 27.07.2027	0.1990
Employees	274,370,000	-	-	(27,437,000)	-	246,933,000	15.04.2019	-	15.04.2019 – 14.04.2029	0.2134
Employees	-	137,000,000	-	-	-	137,000,000	11.05.2020	-	11.05.2020 – 10.05.2023	0.0860
Sub-total	522,752,913	137,000,000	-	(250,989,913)	-	408,763,000				
New Share Option Scheme										
Name of Directors										
Li Jinglong	-	27,400,000	-	-	-	27,400,000	11.05.2020	-	11.05.2020-10.05.2023	0.0860
Zhang Ligong	-	27,400,000	-	-	-	27,400,000	11.05.2020	-	11.05.2020-10.05.2023	0.0860
Wang Zhongjing	-	27,400,000	-	-	-	27,400,000	11.05.2020	-	11.05.2020-10.05.2023	0.0860
Cheng Ruixiong	-	27,400,000	-	-	-	27,400,000	11.05.2020	-	11.05.2020-10.05.2023	0.0860
Lo Suet Lai	-	27,400,000	-	-	-	27,400,000	11.05.2020	-	11.05.2020-10.05.2023	0.0860
Sub-total	-	137,000,000	-	-	-	137,000,000				
Total	522,752,913	274,000,000	-	(250,989,913)	-	545,763,000				

The closing price of the shares of the Company immediately before the date on which the share options were granted on 11 May 2020 was HK\$0.086.

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 2020.

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 2020

	Notes	For the six months ended 30 June	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Revenue	3	17,524	45,183
Cost of sales		(14,231)	(40,401)
Gross profit		3,293	4,782
Other revenue and gains	4	386	15
Fair value loss on derivative financial assets		–	(292)
Unrealised gain on financial assets at fair value through profit or loss, net		1,198	2,616
Selling and administrative expenses		(24,554)	(31,808)
Loss from operations		(19,677)	(24,687)
Finance costs		(422)	(446)
Loss before taxation	5	(20,099)	(25,133)
Taxation	6	757	(365)
Loss for the period		(19,342)	(25,498)
Loss for the period attributable to:			
Owners of the Company		(19,323)	(25,326)
Non-controlling interests		(19)	(172)
		(19,342)	(25,498)
Loss per share			
– Basic and diluted (HK cents)	7	(0.70)	(0.92)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	For the six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Loss for the period	(19,342)	(25,498)
Other comprehensive (loss)/income for the period:		
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	(2,628)	305
Total comprehensive loss for the period	(21,970)	(25,193)
Total comprehensive loss for the period attributable to:		
Owners of the Company	(21,951)	(25,021)
Non-controlling interests	(19)	(172)
	(21,970)	(25,193)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Notes	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	9	571	740
Goodwill		4,686	4,686
Intangible assets		22,432	25,755
		27,689	31,181
Current assets			
Financial assets at fair value through profit or loss		16,905	15,707
Trade receivables	10	31,708	41,065
Deposits, prepayments and other receivables		446,016	443,954
Cash and bank balances		6,909	8,199
		501,538	508,925
Total assets		529,227	540,106
CAPITAL AND RESERVES			
Share capital		109,749	109,749
Reserves		337,057	348,843
Equity attributable to owners of the Company		446,806	458,592
Non-controlling interests		10,958	10,977
Total equity		457,764	469,569

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Notes	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
LIABILITIES			
Non-current liability			
Deferred tax liabilities		5,608	6,439
Current liabilities			
Trade payables	11	24,793	24,797
Accruals and other payables		38,936	37,225
Tax payable		2,126	2,076
		65,855	64,098
Total liabilities		71,463	70,537
Total equity and liabilities		529,227	540,106
Net current assets		435,683	444,827
Total assets less current liabilities		463,372	476,008
Net assets		457,764	469,569

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	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		
	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 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
As at 1 January 2020 (Audited)	109,749	2,828,249	52,996	(872)	-	(34,510)	48	(2,497,068)	458,592	10,977	469,569
Loss for the period	-	-	-	-	-	-	-	(19,323)	(19,323)	(19)	(19,342)
Other comprehensive loss for the period	-	-	-	-	-	(2,628)	-	-	(2,628)	-	(2,628)
Total comprehensive loss for the period	-	-	-	-	-	(2,628)	-	(19,323)	(21,951)	(19)	(21,970)
Grant of share option	-	-	10,165	-	-	-	-	-	10,165	-	10,165
Lapse of share option	-	-	(28,853)	-	-	-	-	28,853	-	-	-
As at 30 June 2020 (Unaudited)	109,749	2,828,249	34,308	(872)	-	(37,138)	48	(2,487,538)	446,806	10,958	457,764

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	For the six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Net cash generated from/(used in) operating activities	1,359	(8,085)
Net cash used in investing activities	(28)	–
Net decrease in cash and cash equivalents	1,331	(8,085)
Cash and cash equivalents at the beginning of the period	8,199	18,125
Effect of foreign exchange rate changes	(2,621)	305
Cash and cash equivalents as at 30 June	6,909	10,345
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	6,909	10,345

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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 International Accounting Standard (the “IAS”) 34 “Interim Financial Reporting” issued by the International Accountants Standard Board (the “IASB”).

The interim financial report has been prepared in accordance with same accounting policies adopted in the 2019 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2020 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 AND REVISED 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 issued by the IASB which are mandatory effective for the annual period beginning on or after 1 January 2020 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 3	Definition of Business
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform
Amendments to IFRS 16	COVID-19-Related Rent Concessions

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 statement.

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

The amendment introduces a new practical expedient for lessees to elect not to assess whether a COVID-19-related rent concession is a lease modification. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 that meets all of the following conditions:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying IFRS 16 if the changes were not a lease modification. Forgiveness or waiver of lease payment are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

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 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.

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 2020

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		Unallocated		Total	
	For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Revenue						
– external sales	17,524	45,183	–	–	17,524	45,183
Segment results	(5,940)	4,782	–	–	(5,940)	4,782
Unallocated other operating income			386	15	386	15
Fair value loss on derivative financial assets			–	(292)	–	(292)
Unrealised gain on financial assets at fair value through profit or loss, net			1,198	2,616	1,198	2,616
Depreciation	(188)	(83)	(2)	–	(190)	(83)
Amortisation of intangible assets	(3,323)	(1,246)	–	–	(3,323)	(1,246)
Unallocated expenses			(11,808)	(30,479)	(11,808)	(30,479)
Finance costs			(422)	(446)	(422)	(446)
Loss before taxation					(20,099)	(25,133)
Taxation					757	(365)
Loss for the period					(19,342)	(25,498)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current interim period (2019: 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, selling and 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 2020

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 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		Unallocated		Total	
	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
Segment assets	513,209	521,172	16,018	18,934	529,227	540,106
Segment liabilities	38,701	27,713	32,762	42,824	71,463	70,537

	For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Other segment information: Capital expenditure	28	-	-	-	28	-

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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	
	2020 HK\$'000 (Unaudited)	2019 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	16,519	41,860
Computer and mobile related electronic products	1,005	3,323
	17,524	45,183
Timing of revenue recognition		
A point in time	17,524	45,183
Geographical market:		
Hong Kong	4,168	3,323
Other Asian Countries	13,356	41,860
	17,524	45,183

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Hong Kong	4,168	3,323	127	134
Other Asian Countries	13,356	41,860	(6,067)	4,648
	17,524	45,183	(5,940)	4,782

	Segment assets		Segment liabilities		Additions to non-current assets		Amortisation and depreciation	
	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
Hong Kong	462,179	468,151	50,326	50,073	28	171	3,511	7,036
Other Asian Countries	67,048	71,955	21,137	20,464	-	-	2	6
	529,227	540,106	71,463	70,537	28	171	3,513	7,040

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2020

4. OTHER REVENUE AND GAINS

	For the six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Other revenue		
Bank interest income	–	1
Sundry income	382	14
	382	15
Other gains		
Realised gain on financial assets at fair value through profit or loss	4	–
	386	15

5. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	For the six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Finance costs		
Interest expenses on convertible notes	–	446
Interest expenses on other borrowings	422	–
	422	446
Other items		
Cost of inventories sold	13,226	40,204
Depreciation	190	83
Amortisation of intangible assets	3,323	1,246
Fair value loss on derivative financial assets	–	292
Unrealised gain on financial assets at fair value through profit or loss, net	(1,198)	(2,616)
Share-based payment	10,165	23,513

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2020

6. TAXATION

	For the six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Current tax:		
– Hong Kong	38	365
– The PRC	36	–
Provision of deferred tax recognised in current period	(831)	–
	(757)	365

Hong Kong Profits Tax is calculated at 16.5% (2019: 16.5%) of the estimated assessable profits for the period.

Malaysian Income Tax is calculated at the statutory tax rate of 25% (2019: 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% (2019: 20%) for the period and the amount of chargeable income exceeding Malaysian Ringgit 500,000 is charged at the rate of 25% (2019: 25%) for the period.

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% for the period (2019: 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 2020 (2019: 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 2020.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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\$19,323,000 (2019: HK\$25,326,000) and weighted average number of ordinary shares in issue of 2,743,729,744 (2019: 2,743,729,744).

The calculation of the diluted loss per share for the periods ended 30 June 2020 and 2019 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 2020 (2019: HK\$Nil).

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2020, the Group acquired property, plant and equipment of approximately HK\$28,000 (for the six months ended 30 June 2019: HK\$Nil). Property, plant and equipment of approximately HK\$Nil was disposed during the six months ended 30 June 2020 (for six months ended 30 June 2019: HK\$Nil).

10. TRADE RECEIVABLES

The aging analysis of the trade receivables is as follows:

	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
0–30 days	2,630	6,725
31–60 days	2,183	4,528
61–90 days	2,935	8,358
91–180 days	1,470	18,729
Over 180 days	24,254	4,489
	33,472	42,829
Less: Allowance for expected credit losses	(1,764)	(1,764)
	31,708	41,065

10. TRADE RECEIVABLES (Continued)

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 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
0–30 days	1,476	3,633
31–60 days	5,098	9,458
Over 60 days	18,219	11,706
	24,793	24,797

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2020

12. FINANCIAL INSTRUMENTS (Continued)

(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 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
Level 1		
Financial assets at fair value through profit or loss:		
Listed equity securities at Hong Kong	16,905	15,707

There were no transfers between Level 1 and 2 and 3 for the period ended 30 June 2020 and for the year ended 31 December 2019.

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 2020 and 31 December 2019.