



# 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)

## 2021

## INTERIM REPORT



\* For purpose of identification only

## UNAUDITED INTERIM RESULTS

The board of directors (the “Board” or “Directors”) of China e-Wallet Payment Group Limited (the “Company”) presents the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2021 together with the comparative figures in 2020.

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	Notes	For the six months ended 30 June	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
<b>Revenue</b>	3	<b>58,511</b>	17,524
Cost of sales		<b>(36,558)</b>	(14,231)
<b>Gross profit</b>		<b>21,953</b>	3,293
Other revenue and gains	4	40	386
Unrealised gain on financial assets at fair value through profit or loss		<b>3,629</b>	1,198
Selling and administrative expenses		<b>(43,187)</b>	(24,554)
<b>Loss from operations</b>		<b>(17,565)</b>	(19,677)
Finance costs		<b>(961)</b>	(422)
<b>Loss before taxation</b>	5	<b>(18,526)</b>	(20,099)
Taxation	6	<b>(180)</b>	757
<b>Loss for the period</b>		<b>(18,706)</b>	(19,342)
<b>Loss for the period attributable to:</b>			
Owners of the Company		<b>(18,325)</b>	(19,323)
Non-controlling interests		<b>(381)</b>	(19)
		<b>(18,706)</b>	(19,342)
<b>Loss per share</b>			
– Basic and diluted (HK cents)	7	<b>(0.67)</b>	(0.70)

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	For the six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
<b>Loss for the period</b>	<b>(18,706)</b>	(19,342)
<b>Other comprehensive loss for the period:</b>		
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	(588)	(2,628)
<b>Total comprehensive loss for the period</b>	<b>(19,294)</b>	(21,970)
<b>Total comprehensive loss for the period attributable to:</b>		
Owners of the Company	(18,913)	(21,951)
Non-controlling interests	(381)	(19)
	<b>(19,294)</b>	(21,970)

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Notes	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	142	333
Goodwill		4,686	4,686
Intangible assets		15,785	19,109
		<b>20,613</b>	<b>24,128</b>
<b>Current assets</b>			
Financial assets at fair value through profit or loss		25,876	17,463
Trade receivables	10	22,800	8,776
Deposits, prepayments and other receivables		362,232	398,507
Cash and bank balances		45,740	4,824
		<b>456,648</b>	<b>429,570</b>
<b>Total assets</b>		<b>477,261</b>	<b>453,698</b>
<b>CAPITAL AND RESERVES</b>			
Share capital	11	120,709	109,749
Reserves		317,442	312,790
<b>Equity attributable to owners of the Company</b>		<b>438,151</b>	<b>422,539</b>
Non-controlling interests		1,268	1,649
<b>Total equity</b>		<b>439,419</b>	<b>424,188</b>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Notes	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
<b>LIABILITIES</b>			
<b>Non-current liability</b>			
Bond payable		20,957	–
Deferred tax liabilities		3,946	4,778
		<b>24,903</b>	<b>4,778</b>
<b>Current liabilities</b>			
Trade payables	12	1,891	1,303
Accruals and other payables		7,135	20,527
Tax payable		3,913	2,902
		<b>12,939</b>	<b>24,732</b>
<b>Total liabilities</b>		<b>37,842</b>	<b>29,510</b>
<b>Total equity and liabilities</b>		<b>477,261</b>	<b>453,698</b>
<b>Net current assets</b>		<b>443,709</b>	<b>404,838</b>
<b>Total assets less current liabilities</b>		<b>464,322</b>	<b>428,966</b>
<b>Net assets</b>		<b>439,419</b>	<b>424,188</b>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Attributable to the owners of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Share-based compensation reserve HK\$'000	Capital reserve HK\$'000	Translation reserve HK\$'000	Legal reserve HK\$'000	Accumulated loss HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
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
As at 1 January 2021 (Audited)	109,749	2,828,249	34,269	(902)	(38,928)	48	(2,509,946)	422,539	1,649	424,188
Loss for the period	-	-	-	-	-	-	(18,325)	(18,325)	(381)	(18,706)
Other comprehensive loss for the period	-	-	-	-	(588)	-	-	(588)	-	(588)
Total comprehensive loss for the period	-	-	-	-	(588)	-	(18,325)	(18,913)	(381)	(19,294)
Issue of shares upon exercise of share option	10,960	22,770	(10,165)	-	-	-	-	23,565	-	23,565
Grant of share option	-	-	10,960	-	-	-	-	10,960	-	10,960
As at 30 June 2021 (Unaudited)	120,709	2,851,019	35,064	(902)	(39,516)	48	(2,528,271)	438,151	1,268	439,419

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	For the six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Net cash generated from operating activities	42,143	1,359
Net cash used in investing activities	(4,784)	(28)
Net cash generated from financing activities	3,565	–
Net increase in cash and cash equivalents	40,924	1,331
Cash and cash equivalents at the beginning of the period	4,824	8,199
Effect of foreign exchange rate changes	(8)	(2,621)
Cash and cash equivalents as at 30 June	45,740	6,909
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	45,740	6,909

# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021

## 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 Statements has been prepared in accordance with same accounting policies adopted in the 2020 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2021 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of an Interim Financial Statements 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 AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)

The IASB have issued the following amendments to IFRSs and IAS that are first effective for the current accounting period of the Group:

- Amendment to IFRS 16, *Covid-19-Related Rent Concessions*
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, *Interest Rate Benchmark Reform Phase 2*

None of these developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented in the Interim Financial Statements. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021

### 3. REVENUE AND SEGMENT INFORMATION

The chief operating decision-maker (the “CODM”) 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 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	
	2021 HK\$’000 (Unaudited)	2020 HK\$’000 (Unaudited)	2021 HK\$’000 (Unaudited)	2020 HK\$’000 (Unaudited)	2021 HK\$’000 (Unaudited)	2020 HK\$’000 (Unaudited)
Revenue						
– external sales	58,511	17,524	–	–	58,511	17,524
Segment results	(2,507)	(5,940)	–	–	(2,507)	(5,940)
Unallocated other operating income					40	386
Unrealised gain on financial assets at fair value through profit or loss					3,629	1,198
Depreciation					(191)	(190)
Amortisation of intangible assets					(3,323)	(3,323)
Unallocated expenses					(15,213)	(11,808)
Finance costs					(961)	(422)
Loss before taxation					(18,526)	(20,099)
Taxation					(180)	757
Loss for the period					(18,706)	(19,342)

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

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021

### 3. REVENUE AND SEGMENT INFORMATION (Continued)

The accounting policies of the operating segments are the same as the Group's accounting policies. Central revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segments' results that is used by the CODM for assessment of segment performance. Segment assets do not include financial assets at fair value through profit or loss and other unallocated head office and corporate assets. Segment liabilities do not include deferred tax liabilities, tax payables and other unallocated head office and corporate liabilities.

	Internet and Mobile's Application and Related Accessories		Unallocated		Total	
	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
Segment assets	434,603	453,358	42,658	340	477,261	453,698
Segment liabilities	13,637	3,220	24,205	26,290	37,842	29,510

	For the six moths ended 30 June		For the six moths ended 30 June		For the six moths ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Other segment information: Capital expenditure	-	28	-	-	-	28

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

#### *Disaggregation of revenue from contracts with customers*

	For the six moths ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
<b>Revenue from contracts with customers:</b>		
Revenue is analysis by type of goods and services		
Mobile's application development and settlement application services	58,511	16,519
Computer and mobile related electronic products	-	1,005
	58,511	17,524
Timing of revenue recognition:		
At a point in time	58,511	17,524

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021

### 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	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Hong Kong	2,595	4,168	(566)	127
Other Asian Countries	55,916	13,356	(1,941)	(6,067)
	58,511	17,524	(2,507)	(5,940)

	Segment assets		Segment liabilities		Additions to non-current assets		Amortisation and depreciation	
	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)						
Hong Kong	471,241	447,616	28,563	21,546	-	27	3,514	7,028
Other Asian Countries	6,020	6,082	9,279	7,964	-	-	-	6
	477,261	453,698	37,842	29,510	-	27	3,514	7,034

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021

### 4. OTHER REVENUE AND GAINS

	For the six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Bank interest income	1	–
Sundry income	39	382
Realised gain on financial assets at fair value through profit or loss	–	4
	40	386

### 5. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	For the six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
<b>Finance costs</b>		
Interest expense on bond payable	957	–
Interest expense on other borrowings	–	422
	957	422
<b>Other items</b>		
Cost of sales	36,558	14,231
Depreciation	191	190
Amortisation of intangible assets	3,323	3,323
Unrealised gain on financial assets at fair value through profit or loss	(3,629)	(1,198)
Share-based payment expenses	10,960	10,165

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021

### 6. TAXATION

	For the six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Current tax:		
– Hong Kong	–	38
– The PRC	1,011	36
Reversal of temporary differences in current period	(831)	(831)
	180	(757)

Hong Kong Profits Tax is calculated at 16.5% (2020: 16.5%) of the estimated assessable profits for the period.

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

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

No provision for Hong Kong Profits Tax has been made for the six months ended 30 June 2021 (2020: HK\$Nil) as the Company and its subsidiaries had no assessable income or had sufficient tax losses brought forward to offset against current period's assessable profit.

### 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\$18,325,000 (2020: HK\$19,323,000) and weighted average number of ordinary shares in issue of 2,810,707,522 (2020: 2,743,729,744).

The calculation of the diluted loss per share for the periods ended 30 June 2021 and 2020 did not assume the exercise of the Company's outstanding share options as the effect is anti-dilutive.

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021

### 8. INTERIM DIVIDENDS

The directors of the Company do not recommend the payment of an interim dividend in respect of the six months ended 30 June 2021 (2020: HK\$Nil).

### 9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group acquired property, plant and equipment of approximately HK\$Nil (for the six months ended 30 June 2020: HK\$28,000). Property, plant and equipment of approximately HK\$Nil was disposed during the six months ended 30 June 2021 (for six months ended 30 June 2020: HK\$Nil).

### 10. TRADE RECEIVABLES

The aging analysis of the trade receivables is as follows:

	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
0–30 days	10,609	1,282
31–60 days	6,385	1,477
61–90 days	1,161	1,044
91–180 days	1,995	3,283
Over 180 days	5,164	4,204
	<b>25,314</b>	11,290
Less: Allowance for expected credit losses	<b>(2,514)</b>	(2,514)
	<b>22,800</b>	8,776

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.

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021

### 11. SHARE CAPITAL

The following movements in the Company's authorised and issued share capital took place during the six months ended 30 June 2021:

	Number of shares '000	Share capital HK\$'000
<b>Ordinary shares of HK\$0.04 each</b>		
<b>Authorised:</b>		
As at 1 January 2021 (Audited) and 30 June 2021 (Unaudited)	50,000,000	2,000,000
<b>Issued and fully paid:</b>		
As at 1 January 2021 (Audited)	2,743,730	109,749
Issue of share upon exercise of share option	274,000	10,960
As at 30 June 2021 (Unaudited)	3,017,730	120,709

On 17 May 2021, 274,000,000 ordinary shares of HK\$0.04 each were issued in relation to share options exercised under the share option scheme of the Company at the exercise price of HK\$0.086 for a total cash consideration of HK\$23,564,000.

### 12. TRADE PAYABLES

The aging analysis of the trade payables is as follows:

	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
0–30 days	1,210	43
31–60 days	9	–
Over 60 days	672	1,260
	1,891	1,303

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 2021

### 13. 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 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
Level 1 Financial assets at fair value through profit or loss: Listed equity securities at Hong Kong	25,876	17,463

There were no transfers between Level 1 and 2 and 3 for the six months ended 30 June 2021 and for the year ended 31 December 2020.

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

### 14. COMMITMENTS

The Group had no capital commitment as at 30 June 2021 and 31 December 2020.

# MANAGEMENT DISCUSSION AND ANALYSIS

## **BUSINESS ENVIRONMENT**

China e-Wallet Payment Group Limited (“the Company”) operates in a challenging environment that is prone to technology innovations and reengineering cycles, changing consumer preferences and trade flows. We continuously scan our business environment and closely watch trends and developments that may affect our business and the way we operate. Our broad technology deployments and core businesses that move in line with different macro trends help us mitigate the primary effects of the external environment. We consider economic, social, legal, technological and political factors and have structured the Company in ways to allow us to adapt and change quickly to respond to market forces.

During the first half of 2021, the Company had met considerable challenges that were faced by major corporations in the global economy. However, the Company had adapted and continued to improve on its core businesses and delivery, placing innovation in its products and business operations at its fundamental.

## **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 main branch office in Hong Kong and the PRC. 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 Company already procured thousands of merchants to participate in its settlement application services (“Settlement Services”). In order to capture its market share and procure sizable merchants in a short period of time, the Company would paid inducement deposits to these merchants. The Company would derive marketing plan with these merchants in order to give incentives by way of E-coupons or discounts to their customers who use the Settlement Services and the inducement deposits would be utilized accordingly. In return, the Company would share the transaction fee from the Settlement Services, receive rebate income and application development income from these merchants. Since 2018, the Group expanded its settlement application services through referring merchants to Alipay.com Co., Ltd. to use the Alipay services in the PRC.

## 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 2021, the Group reported a revenue of HK\$58.5 million which is an increase, as compared to HK\$17.5 million in the same period in 2020.

### Gross profit and gross profit margin

Gross profit in the first half of 2021 was HK\$21.9 million which is an increase, as compared to a gross profit of HK\$3.3 million in the same period of 2020.

### Selling and administrative expenses

Selling and administrative expenses, mainly included the expenses on utilization of inducement deposits as incentives by giving E-coupons or discount to customers for Settlement Services of approximately HK\$24.9 million (2020: HK\$8.1 million) and share-based payment expenses of approximately HK\$10.9 million (2020: HK\$10.2 million), increased by HK\$18.6 million from HK\$24.6 million in the first half of 2020 to HK\$43.2 million in the same period in 2021. The increase in selling and administrative expenses are in line with the increase in revenue of the Group.

### Loss for the period

The Group's loss for the period is HK\$18.7 million for the six months ended 30 June 2021, compared to a loss of HK\$19.3 million in the same period in 2020. The decrease of loss before taxation in the first half year in 2021 was mainly attributable to the increase in unrealised gain on financial assets at fair value through profit or loss by approximately HK\$2.4 million.

### Loss attributable to owners of the Company

Loss attributable to owners of the Company decreased from a loss of HK\$19.3 million in the first half of 2020 to a loss of HK\$18.3 million in the same period of 2021.

### Gearing ratio

As at 30 June 2021, the Group's gearing ratio was approximately 8.6%, as compared to 7.0% as at 31 December 2020. 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\$37.8 million and HK\$439.4 million as at 30 June 2021.

### **LIQUIDITY AND CAPITAL RESOURCES**

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 generally 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. 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 2021 and 2020.

The Group had cash and cash equivalents of HK\$45.7 million as at 30 June 2021 compared to HK\$4.8 million as at 31 December 2020.

### **CONTINGENT LIABILITIES**

As at 30 June 2021, the Group had no contingent liabilities (31 December 2020: HK\$ Nil).

### **FOREIGN EXCHANGE RISK MANAGEMENT**

Certain of the Group's bank balances are denominated in United States Dollars and Renminbi, 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 2021, none of the assets of the Group has been pledged to secure any loan granted to the Group.

### **SIGNIFICANT INVESTMENTS**

As at 30 June 2021, the Group did not hold any significant investments. As at 30 June 2021, the Group held listed equity securities at Hong Kong as financial assets at fair value through profit or loss of approximately HK\$25.9 million (31 December 2020: HK\$17.5 million) and none of them was more than 5% of the total assets of the Group.

### **HUMAN RESOURCES**

As at 30 June 2021, in addition to the Directors, there were approximately 56 employees (31 December 2020: 53) of the Group stationed in the Group's offices in Hong Kong, the PRC 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 any potential growth.

By leveraging the knowledge on its interactive virtual reality programming on different business sectors, such as animation and culture, the Group obtained the license from the largest Japanese animation studio to conduct an interactive animation exhibition 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.

## OTHER INFORMATION

### 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 2021.

### 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 2021.

### 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 2021.

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

Save as disclosed below, as at 30 June 2021, 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 shares held	No. of underlying shares held in share options of the Company	Total	Approximate percentage of the issued share capital of the Company
Li Jinglong	Beneficial owner	27,400,000	30,000,000	57,400,000	1.9%
Zhang Ligong	Beneficial owner	27,400,000	30,000,000	57,400,000	1.9%
Wang Zhongling	Beneficial owner	27,400,000	30,000,000	57,400,000	1.9%
Cheng Ruixiong	Beneficial owner	27,400,000	–	27,400,000	0.9%
Lo Suet Lai	Beneficial owner	27,400,000	–	27,400,000	0.9%

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

Save as disclosed below, as at 30 June 2021, 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 shares held	Approximate percentage of the issued share capital of the Company
Song Qifeng	Beneficial owner	226,590,000	7.5%

## SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 28 June 2013, a share option scheme (the "Share Option Scheme") was adopted. Summary of principal terms of the Share Option Scheme were outlined in the Company's annual report for the year ended 31 December 2020 under the section "Directors' Report".

Movements of the share options granted under the Share Option Scheme during the period ended 30 June 2021 are as follows:

Date of grant	Outstanding as at 1 January 2021	Granted	Exercised	Lapsed	Cancelled	Outstanding as at 30 June 2021	Vesting period	Exercisable period	Exercise price HK\$
<b>Category 1: Employees</b>									
28.07.2017	24,830,000	-	-	-	-	24,830,000	-	28.07.2017 – 27.07.2027	0.1990
15.04.2019	246,933,000	-	-	-	-	246,933,000	-	15.04.2019 – 14.04.2029	0.2134
11.05.2020	137,000,000	-	(137,000,000)	-	-	-	-	11.05.2020 – 10.05.2023	0.0860
18.05.2021	-	184,100,000	-	-	-	184,100,000	-	18.05.2021 – 17.05.2024	0.1130
Sub-total	408,763,000	184,100,000	(137,000,000)	-	-	455,863,000			
<b>Category 2: Directors</b>									
Li Jinglong	11.05.2020	27,400,000	-	(27,400,000)	-	-	-	11.05.2020 – 10.05.2023	0.0860
	18.05.2021	-	30,000,000	-	-	30,000,000	-	18.05.2021 – 17.05.2024	0.1130
Zhang Ligong	11.05.2020	27,400,000	-	(27,400,000)	-	-	-	11.05.2020 – 10.05.2023	0.0860
	18.05.2021	-	30,000,000	-	-	30,000,000	-	18.05.2021 – 17.05.2024	0.1130
Wang Zhongling	11.05.2020	27,400,000	-	(27,400,000)	-	-	-	11.05.2020 – 10.05.2023	0.0860
	18.05.2021	-	30,000,000	-	-	30,000,000	-	18.05.2021 – 17.05.2024	0.1130
Cheng Ruixiong	11.05.2020	27,400,000	-	(27,400,000)	-	-	-	11.05.2020 – 10.05.2023	0.0860
Lo Suet Lai	11.05.2020	27,400,000	-	(27,400,000)	-	-	-	11.05.2020 – 10.05.2023	0.0860
Sub-total		137,000,000	90,000,000	(137,000,000)	-	-	90,000,000		
Total		545,763,000	274,100,000	(274,000,000)	-	-	545,863,000		

The closing price of the shares of the Company immediately before the date on which the share options were granted on 18 May 2021 was HK\$0.115.

## OTHER INFORMATION

### **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 2021.

### **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.

### **APPRECIATION**

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.

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

Hong Kong, 31 August 2021