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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 RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2022

The board (the “Board”) of directors (the “Directors”) of China e-Wallet Payment Group Limited (the “Company”) announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2022 together with the comparative figures. This announcement, containing the full text of the 2022 Interim Report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) in relation to information to accompany preliminary announcements of interim results. This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.hklistco.com/802). The printed version of the Company’s Interim Report will be despatched to the shareholders of the Company and available on above websites in due course.

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

Hong Kong, 31 August 2022

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

Executive Directors:

Li Jinglong
Zhang Ligong
Wang Zhongling

Independent Non-executive Directors:

Cheng Ruixiong
Kwan King Wah
Lo Suet Lai

* *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 2022 together with the comparative figures in 2021.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022

		For the six months ended 30 June	
	Notes	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Revenue	3	45,124	58,511
Cost of sales		(23,470)	(36,558)
Gross profit		21,654	21,953
Other revenue and gains	4	262	40
Unrealised (loss)/gain on financial assets at fair value through profit or loss (“FVTPL”), net		(13,519)	3,629
Selling and administrative expenses		(43,268)	(43,187)
Loss from operations		(34,871)	(17,565)
Finance costs		(892)	(961)
Loss before taxation	5	(35,763)	(18,526)
Taxation	6	99	(180)
Loss for the period		(35,664)	(18,706)
Loss for the period attributable to:			
Owners of the Company		(35,526)	(18,325)
Non-controlling interests		(138)	(381)
		(35,664)	(18,706)
		HK cents	HK cents
Loss per share			
– Basic and diluted	7	(1.18)	(0.67)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	For the six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Loss for the period	(35,664)	(18,706)
Other comprehensive loss for the period:		
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	–	(588)
Total comprehensive loss for the period	(35,664)	(19,294)
Total comprehensive loss for the period attributable to:		
Owners of the Company	(35,526)	(18,913)
Non-controlling interests	(138)	(381)
	(35,664)	(19,294)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Notes	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		752	1,091
Bond receivables		8,267	4,943
Goodwill		4,686	4,686
Intangible assets		9,139	12,463
		22,844	23,183
Current assets			
Financial assets at fair value through profit or loss		35,624	50,901
Trade receivables	9	47,938	32,778
Deposits, prepayments and other receivables		324,386	353,599
Cash and bank balances		5,608	6,545
		413,556	443,823
Total assets		436,400	467,006
CAPITAL AND RESERVES			
Share capital	10	120,709	120,709
Reserves		275,350	303,979
Equity attributable to owners of the Company		396,059	424,688
Non-controlling interests		1,180	1,318
Total equity		397,239	426,006

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Notes	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
LIABILITIES			
Non-current liability			
Bond payable		15,000	20,000
Deferred tax liabilities		2,287	3,117
		17,287	23,117
Current liabilities			
Trade payables	11	5,747	2,363
Accruals and other payables		10,940	11,064
Tax payable		5,187	4,456
		21,874	17,883
Total liabilities		39,161	41,000
Total equity and liabilities		436,400	467,006
Net current assets		391,682	425,940
Total assets less current liabilities		414,526	449,123
Net assets		397,239	426,006

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Attributable to the owners of the Company								Non-controlling interests	Total
	Share capital	Share premium	Share-based compensation reserve	Capital reserve	Translation reserve	Statutory 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
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
As at 1 January 2022 (Audited)	120,709	2,851,018	35,064	(902)	(38,933)	48	(2,542,316)	424,688	1,318	426,006
Loss for the period	-	-	-	-	-	-	(35,526)	(35,526)	(138)	(35,664)
Other comprehensive loss for the period	-	-	-	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	-	-	(35,526)	(35,526)	(138)	(35,664)
Grant of share option	-	-	6,897	-	-	-	-	6,897	-	6,897
As at 30 June 2022 (Unaudited)	120,709	2,851,018	41,961	(902)	(38,933)	48	(2,577,842)	396,059	1,180	397,239

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	For the six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Net cash generated from operating activities	5,443	42,143
Net cash used in investing activities	(1,380)	(4,784)
Net cash (used in)/generated from financing activities	(5,000)	3,565
Net (decrease)/increase in cash and cash equivalents	(937)	40,924
Cash and cash equivalents at the beginning of the period	6,545	4,824
Effect of foreign exchange rate changes	–	(8)
Cash and cash equivalents as at 30 June	5,608	45,740
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	5,608	45,740

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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 2021 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2022 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:

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to IFRSs 2018–2020	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41

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 2022

3. REVENUE AND SEGMENT INFORMATION

The chief operating decision-maker (the “CODM”) has been identified as the key management. The CODM reviews the Group’s internal reporting in order to assess performance and allocate resources. The CODM has determined the operating segments based on these reports.

The CODM considers the business from both a business and geographic perspective. From business perspective, CODM determines that the Group has only one operating and reportable segment, being the internet and mobile’s application and related accessories operating segments.

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	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Revenue from contracts with customers within the scope of IFRS 15:		
Mobile’s application development and settlement application services	45,124	58,511
Computer and mobile related electronic products	—	—
	45,124	58,511
Timing of revenue recognition:		
At a point in time	45,124	58,511

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022

3. REVENUE AND SEGMENT INFORMATION (Continued)

Geographical information

The Group operates in two principal geographical areas – Hong Kong and the People's Republic of China ("PRC") (excluding Hong Kong). The Group's revenue from end customers is divided into following geographical area and the Group's non-current assets by geographical locations:

Revenue and Segment results

	Revenue For the six months ended 30 June		Non-current assets	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Unaudited)
Hong Kong	–	2,595	17,480	17,819
The PRC	45,124	55,916	–	–
Others	–	–	5,364	5,364
	45,124	58,511	22,844	23,183

	Assets		Liabilities	
	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
Hong Kong	416,179	445,492	27,647	30,076
The PRC	524	696	162	269
Others	19,697	20,818	11,352	10,655
	436,400	467,006	39,161	41,000

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022

4. OTHER REVENUE AND GAINS

	For the six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Bank interest income	1	1
Bond interest income	324	–
Sundry income	–	39
Realised loss on financial assets at fair value through profit or loss	(63)	–
	262	40

5. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Finance costs		
Interest expense on bond payable	892	957
	892	957
Other items		
Depreciation of property, plant and equipment	338	191
Amortisation of intangible assets	3,323	3,323
Realised loss on financial assets at fair value through profit or loss	63	–
Unrealised loss/(gain) on financial assets at fair value through profit or loss	13,519	(3,629)
Share-based payment expenses	6,897	10,960

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2022

6. TAXATION

	For the six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Current tax:		
– Hong Kong	–	–
– The PRC	731	1,011
Reversal of temporary differences in current period	(830)	(831)
	(99)	180

Hong Kong Profits Tax is calculated at 16.5% (2021: 16.5%) of the estimated assessable profits for the period.

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% for the period (2021: 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 2022 (2021: 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\$35,526,000 (2021: HK\$18,325,000) and weighted average number of ordinary shares in issue of 3,017,730,000 (2021: 2,810,707,522).

The calculation of the diluted loss per share for the periods ended 30 June 2022 and 2021 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 2022

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 2022 (2021: HK\$Nil).

9. TRADE RECEIVABLES

The aging analysis of the trade receivables is as follows:

	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
0–30 days	16,167	18,483
31–60 days	6,129	6,320
61–90 days	4,916	3,117
91–180 days	3,400	3,728
Over 180 days	30,652	14,456
	61,264	46,104
Less: Allowance for expected credit losses	(13,326)	(13,326)
	47,938	32,778

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 2022

10. SHARE CAPITAL

The following movements in the Company's authorised and issued share capital took place during the six months ended 30 June 2022:

	Number of shares '000	Share capital HK\$'000
Ordinary shares of HK\$0.04 each		
<i>Authorised:</i>		
As at 1 January 2022 (Audited) and 30 June 2022 (Unaudited)	50,000,000	2,000,000
<i>Issued and fully paid:</i>		
As at 1 January 2022 (Audited) and 30 June 2022 (Unaudited)	3,017,730	120,709

11. TRADE PAYABLES

The aging analysis of the trade payables is as follows:

	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
0–30 days	1,500	258
31–60 days	2,504	560
Over 60 days	1,743	1,545
	5,747	2,363

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 2022

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 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
Level 1		
Financial assets at fair value through profit or loss:		
Listed equity securities at Hong Kong	35,624	50,901

There were no transfers between Level 1 and 2 and 3 for the six months ended 30 June 2022 and for the year ended 31 December 2021.

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 2022 and 31 December 2021.

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 2022, 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, the Company would pay 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. As at 30 June 2022, the inducement deposits to merchants was approximately HK\$310.3 million. The Company regularly assessed the recoverability of the Inducement Deposits. If there is any impairment indicator or there is a continuous deterioration of the sales transactions of the participating merchant, the Company would immediately re-assess the recoverability of the Inducement Deposits paid to that participating merchant. 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 2022, the Group reported a revenue of HK\$45.1 million which is a decrease, as compared to HK\$58.5 million in the same period in 2021.

Gross profit

Gross profit in the first half of 2022 was HK\$21.6 million which is a decrease, as compared to a gross profit of HK\$21.9 million in the same period of 2021.

Selling and administrative expenses

Selling and administrative expenses, representing 95.8% of the Group's revenues for the period, 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\$29.2 million (2021: HK\$24.9 million) and share-based payment expenses of approximately HK\$6.9 million (2021: HK\$10.9 million), increased by HK\$0.1 million from HK\$43.2 million in the first half of 2021 to HK\$43.3 million in the same period in 2022.

Loss for the period

The Group's loss for the period is HK\$35.7 million for the six months ended 30 June 2022, compared to a loss of HK\$18.7 million in the same period in 2021. The increase of loss before taxation in the first half year in 2022 was mainly attributable to the change from unrealised gain on financial assets at fair value through profit or loss in the first half of 2021 to unrealised loss on financial assets at fair value through profit or loss in the same period in 2022 by approximately HK\$17.1 million.

Loss attributable to owners of the Company

Loss attributable to owners of the Company increased from a loss of HK\$18.3 million in the first half of 2021 to a loss of HK\$35.5 million in the same period of 2022.

Gearing ratio

As at 30 June 2022, the Group's gearing ratio was approximately 9.8%, as compared to 9.7% as at 31 December 2021. 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\$39.1 million and HK\$397.2 million as at 30 June 2022.

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 2022 and 2021.

The Group had cash and cash equivalents of HK\$5.6 million as at 30 June 2022 compared to HK\$6.5 million as at 31 December 2021.

CONTINGENT LIABILITIES

As at 30 June 2022, the Group had no contingent liabilities (31 December 2021: 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 2022, none of the assets of the Group has been pledged to secure any loan granted to the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

SIGNIFICANT INVESTMENTS

As at 30 June 2022, the Group had financial assets at FVTPL with a market value of approximately HK\$35.6 million. Details of the significant investments in the portfolio under financial assets at FVTPL are as follows:

Name of investee	Fair value loss HK\$'000 (Unaudited)	Percentage to the Group's total		
		Fair value	assets	Fair value
		as at	as at	as at
		30 June 2022 HK\$'000 (Unaudited)	30 June 2022 %	31 December 2021 HK\$'000 (Audited)
China Investment and Finance Group Limited ("CIF")	(5,632)	6,310	1.4%	11,942
WLS Holdings Limited ("WLS")	(1,834)	8,573	2.0%	10,357
Milan Station Holdings Limited ("MSH")	(2,234)	4,101	0.9%	6,335
Luxxu Group Limited ("LGL")	(680)	4,684	1.1%	5,364
Harbour Digital Asset Capital Limited ("HDA")	(520)	4,566	1.1%	5,086
Sub-total	(10,900)	28,234	6.5%	39,084
Other listed equity securities	(2,619)	7,390	1.7%	11,817
Total	(13,519)	35,624	8.2%	50,901

Note

- (a) CIF is engaged in securities trading and investment holding. Based on CIF's annual result for the year ended 31 March 2022, revenue and loss of CIF were approximately HK\$4.5 million and HK\$7.0 million respectively.
- (b) WLS is engaged in the provision of scaffolding, fitting out and other auxiliary services for construction and buildings work, money lending business, securities investment business and assets management business. Based on WLS's annual result for the year ended 30 April 2022, turnover and loss of WLS were approximately HK\$191.0 million and HK\$11.9 million respectively.
- (c) MSH is engaged in retailing of handbags, fashion accessories and embellishments and spa and wellness products. Based on MSH's annual result for the year ended 31 December 2021, turnover and profit of MSH were approximately HK\$245.0 million and HK\$22.2 million respectively.
- (d) LGL is engaged in the manufacture and sales of own-branded watches and jewelleryes, OEM watches and third-party watches. Based on LGL's interim result for the six months ended 30 June 2022, turnover and loss of LGL were approximately RMB53.4 million and RMB16.7 million respectively.
- (e) HDA is engaged in securities trading and investment holding. Based on HDA's interim result for the six months ended 30 June 2022, revenue and loss of HDA were approximately HK\$1.06 million and HK\$42.2 million respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

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

Except the significant investments disclosed above, as at 30 June 2022, there was no investment held by the Group the value of which was more than 1% of the total assets of the Group.

CAPITAL REORGANISATION

Pursuant to a special resolution passed by the shareholders of the Company at the special general meeting held on 11 August 2022, with effective from 15 August 2022, (i) every five issued and unissued ordinary shares of nominal value of HK\$0.04 each (the “Existing Share”) in the share capital of the Company be consolidated into one issued and unissued ordinary share of nominal value of HK\$0.20 each (the “Consolidated Share”) (the “Share Consolidation”); (ii) the total number of Consolidated Shares in the issued share capital of the Company immediately following the Share Consolidation be rounded down to a whole number by cancelling any fraction in the total number of issued Consolidated Shares arising from the Share Consolidation; (iii) the nominal value of all issued Consolidated Shares be reduced from HK\$0.20 each to HK\$0.01 each (the “New Share”) by cancelling the capital paid-up thereon to the extent of HK\$0.19 per Consolidated Share in issue (the “Capital Reduction”); (iv) to subdivide every authorised but unissued Consolidated Share of par value HK\$0.20 each into 20 new shares of par value of HK\$0.01 each; and (v) the credit arising from the Capital Reduction be credited to the contributed surplus account of the Company.

HUMAN RESOURCES

As at 30 June 2022, in addition to the Directors, there were approximately 57 employees (31 December 2021: 58) of the Group stationed in the Group’s offices in Hong Kong and the PRC.

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. The Company has complied with the CG Code throughout the six months ended 30 June 2022.

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 2022.

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 2022.

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

Save as disclosed below, as at 30 June 2022, 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%

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

Save as disclosed below, as at 30 June 2022, 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 2021 under the section "Directors' Report".

Movements of the share options granted under the Share Option Scheme during the period ended 30 June 2022 are as follows:

	Date of grant	Outstanding as at 1 January 2022	Granted	Exercised	Lapsed	Cancelled	Outstanding as at 30 June 2022	Vesting period	Exercisable period	Exercise price HK\$
Category 1: Employees										
	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
	18.05.2021	184,100,000	-	-	-	-	184,100,000	-	18.05.2021 – 17.05.2024	0.1130
	10.05.2022	-	301,700,000	-	-	-	301,700,000	-	10.05.2022 – 09.05.2025	0.0660
Sub-total		455,863,000	301,700,000	-	(246,933,000)	-	510,630,000			
Category 2: Directors										
Li Jinglong	18.05.2021	30,000,000	-	-	-	-	30,000,000	-	18.05.2021 – 17.05.2024	0.1130
Zhang Ligong	18.05.2021	30,000,000	-	-	-	-	30,000,000	-	18.05.2021 – 17.05.2024	0.1130
Wang Zhongling	18.05.2021	30,000,000	-	-	-	-	30,000,000	-	18.05.2021 – 17.05.2024	0.1130
Sub-total		90,000,000	-	-	-	-	90,000,000			
Total		545,863,000	301,700,000	-	(246,933,000)	-	600,630,000			

The closing price of the shares of the Company immediately before the date on which the share options were granted on 10 May 2022 was HK\$0.067.

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 2022.

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 2022