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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 2023

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 2023 together with the comparative figures. This announcement, containing the full text of the 2023 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 2023

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 2023 together with the comparative figures in 2022.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	Notes	For the six months ended 30 June	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue	3	43,280	45,124
Cost of sales		(23,258)	(23,470)
Gross profit		20,022	21,654
Other revenue and gains	4	374	262
Unrealised loss on financial assets at fair value through profit or loss (“FVTPL”), net		(13,811)	(13,519)
Selling and administrative expenses		(38,845)	(43,268)
Loss from operations		(32,260)	(34,871)
Finance costs		(750)	(892)
Loss before taxation	5	(33,010)	(35,763)
Taxation	6	310	99
Loss for the period		(32,700)	(35,664)
Loss for the period attributable to:			
Owners of the Company		(32,609)	(35,526)
Non-controlling interests		(91)	(138)
		(32,700)	(35,664)
		HK cents	HK cents (Restated)
Loss per share			
– Basic and diluted	7	(5.40)	(5.88)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	For the six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Loss for the period	(32,700)	(35,664)
Other comprehensive loss for the period:		
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	(343)	–
Total comprehensive loss for the period	(33,043)	(35,664)
Total comprehensive loss for the period attributable to:		
Owners of the Company	(32,952)	(35,526)
Non-controlling interests	(91)	(138)
	(33,043)	(35,664)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Notes	As at 30 June 2023 HK\$'000 (Unaudited)	As at 31 December 2022 HK\$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		689	813
Bond receivables		2,963	2,963
Goodwill		4,686	4,686
Intangible assets		2,493	5,817
		10,831	14,279
Current assets			
Financial assets at fair value through profit or loss		34,009	43,977
Bond receivables		5,887	5,141
Trade receivables	9	40,605	40,031
Deposits, prepayments and other receivables		272,247	289,648
Cash and bank balances		2,393	6,656
		355,141	385,453
Total assets		365,972	399,732
CAPITAL AND RESERVES			
Share capital	10	6,035	6,035
Reserves		325,081	358,033
Equity attributable to owners of the Company		331,116	364,068
Non-controlling interests		(114)	(23)
Total equity		331,002	364,045

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Notes	As at 30 June 2023 HK\$'000 (Unaudited)	As at 31 December 2022 HK\$'000 (Audited)
LIABILITIES			
Non-current liability			
Bond payable		14,515	14,515
Deferred tax liabilities		625	1,456
		15,140	15,971
Current liabilities			
Trade payables	11	2,220	2,215
Accruals and other payables		11,302	11,713
Tax payable		6,308	5,788
		19,830	19,716
Total liabilities		34,970	35,687
Total equity and liabilities		365,972	399,732
Net current assets		335,311	365,737
Total assets less current liabilities		346,142	380,016
Net assets		331,002	364,045

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	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 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
As at 1 January 2023 (Audited)	6,035	2,965,692	20,800	(902)	(38,989)	48	(2,588,616)	364,068	(23)	364,045
Loss for the period	-	-	-	-	-	-	(32,609)	(32,609)	(91)	(32,700)
Other comprehensive loss for the period	-	-	-	-	(343)	-	-	(343)	-	(343)
Total comprehensive loss for the period	-	-	-	-	(343)	-	(32,609)	(32,952)	(91)	(33,043)
As at 30 June 2023 (Unaudited)	6,035	2,965,692	20,800	(902)	(39,332)	48	(2,621,225)	331,116	(114)	331,002

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	For the six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Net cash (used in)/generated from operating activities	(367)	5,443
Net cash used in investing activities	(3,896)	(1,380)
Net cash used in financing activities	–	(5,000)
Net decrease in cash and cash equivalents	(4,263)	(937)
Cash and cash equivalents at the beginning of the period	6,656	6,545
Effect of foreign exchange rate changes	–	–
Cash and cash equivalents as at 30 June	2,393	5,608
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	2,393	5,608

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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 2022 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2023 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:

IFRS 17	Insurance Contracts
Amendments to IFRS 17	Insurance Contracts
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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 2023

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	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue from contracts with customers within the scope of IFRS 15:		
Mobile’s application development and settlement application services	43,280	45,124
Computer and mobile related electronic products	–	–
	43,280	45,124
Revenue recognition: At a point in time	43,280	45,124

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	As at 30 June 2023 HK\$'000 (Unaudited)	As at 31 December 2022 HK\$'000 (Audited)
Hong Kong	–	–	10,139	13,580
The PRC	43,280	45,124	–	–
Others	–	–	692	699
	43,280	45,124	10,831	14,279

	Assets		Liabilities	
	As at 30 June 2023 HK\$'000 (Unaudited)	As at 31 December 2022 HK\$'000 (Audited)	As at 30 June 2023 HK\$'000 (Unaudited)	As at 31 December 2022 HK\$'000 (Audited)
Hong Kong	363,169	396,810	24,572	24,588
The PRC	696	700	216	238
Others	2,107	2,222	10,182	10,861
	365,972	399,732	34,970	35,687

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2023

4. OTHER REVENUE AND GAINS

	For the six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Bank interest income	1	1
Bond interest income	373	324
Realised loss on financial assets at fair value through profit or loss	–	(63)
	374	262

5. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	For the six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Finance costs		
Interest expense on bond payable	750	892
	750	892
Other items		
Depreciation of property, plant and equipment	126	338
Amortisation of intangible assets	3,323	3,323
Realised loss on financial assets at FVTPL	–	63
Unrealised loss on financial assets at FVTPL	13,811	13,519
Share-based payment expenses	–	6,897

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2023

6. TAXATION

	For the six months ended	
	30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax:		
– Hong Kong	–	–
– The PRC	521	731
Reversal of temporary differences in current period	(831)	(830)
	(310)	(99)

Hong Kong Profits Tax is calculated at 16.5% (2022: 16.5%) of the estimated assessable profits for the period.

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% for the period (2022: 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 2023 (2022: 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\$32,609,000 (2022: HK\$35,526,000) and weighted average number of ordinary shares in issue of 603,545,948 (2022: related 603,545,948).

The calculation of the diluted loss per share for the periods ended 30 June 2023 and 2022 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 2023

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 2023 (2022: HK\$Nil).

9. TRADE RECEIVABLES

An aged analysis of the trade receivables is as follows:

	As at 30 June 2023 HK\$'000 (Unaudited)	As at 31 December 2022 HK\$'000 (Audited)
0–30 days	18,312	16,538
31–60 days	7,914	5,532
61–90 days	4,920	4,574
91–180 days	3,497	3,935
Over 180 days	38,178	35,003
	72,821	65,582
Less: Allowance for expected credit losses	(32,216)	(25,551)
	40,605	40,031

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 2023

10. SHARE CAPITAL

The following movements in the Company's authorised and issued share capital took place during the six months ended 30 June 2023:

	Number of shares '000	Share capital HK\$'000
Ordinary shares of HK\$0.01 each		
<i>Authorised:</i>		
As at 1 January 2023 (Audited) and 30 June 2023 (Unaudited)	200,000,000	2,000,000
<i>Issued and fully paid:</i>		
As at 1 January 2023 (Audited) and 30 June 2023 (Unaudited)	603,546	6,035

11. TRADE PAYABLES

The aging analysis of the trade payables is as follows:

	As at 30 June 2023 HK\$'000 (Unaudited)	As at 31 December 2022 HK\$'000 (Audited)
0–30 days	–	196
31–60 days	–	–
Over 60 days	2,220	2,019
	2,220	2,215

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 2023

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 2023 HK\$'000 (Unaudited)	As at 31 December 2022 HK\$'000 (Audited)
Level 1		
Financial assets at fair value through profit or loss:		
Listed equity securities at Hong Kong	34,009	43,977

There were no transfers between Level 1 and 2 and 3 for the six months ended 30 June 2023 and for the year ended 31 December 2022.

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 2023 and 31 December 2022.

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 2023, 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 hundreds 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 2023, the inducement deposits to merchants was approximately HK\$271.5 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 2023, the Group reported a revenue of HK\$43.3 million which is a decrease, as compared to HK\$45.1 million in the same period in 2022.

Gross profit

Gross profit in the first half of 2023 was HK\$20.0 million which is a decrease, as compared to a gross profit of HK\$21.6 million in the same period of 2022.

Selling and administrative expenses

Selling and administrative expenses, representing 89.8% 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\$25.7 million (2022: HK\$29.2 million) and allowance for expected credit losses on trade receivables of HK\$6.7 million (2022: HK\$ Nil), decreased by HK\$4.5 million from HK\$43.3 million in the first half of 2022 to HK\$38.8 million in the same period in 2023.

Loss for the period

The Group's loss for the period is HK\$32.7 million for the six months ended 30 June 2023, compared to a loss of HK\$35.7 million in the same period in 2022. The decrease of loss before taxation in the first half year in 2023 was mainly attributable to the decrease in selling and administration expenses.

Loss attributable to owners of the Company

Loss attributable to owners of the Company decreased from a loss of HK\$35.5 million in the first half of 2022 to a loss of HK\$32.6 million in the same period of 2023.

Gearing ratio

As at 30 June 2023, the Group's gearing ratio was approximately 10.6%, as compared to 9.8% as at 31 December 2022. 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\$34.9 million and HK\$331.1 million as at 30 June 2023.

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 2023 and 2022.

The Group had cash and cash equivalents of HK\$2.4 million as at 30 June 2023 compared to HK\$6.7 million as at 31 December 2022.

CONTINGENT LIABILITIES

As at 30 June 2023, the Group had no contingent liabilities (31 December 2022: 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 2023, 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 2023, the Group had financial assets at FVTPL with a market value of approximately HK\$34.0 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)	Fair value as at 30 June 2023 HK\$'000 (Unaudited)	Percentage to	Fair value as at 31 December 2022 HK\$'000 (Audited)
			the Group's total assets as at 30 June 2023 %	
WLS Holdings Limited ("WLS")	(2,449)	11,635	3.2%	14,084
China Investment and Finance Group Limited ("CIF")	(2,850)	5,564	1.5%	8,414
Harbour Digital Asset Capital Limited ("HDA")	(345)	3,005	0.8%	3,352
Asia Grocery Distribution Limited ("AGD")	(3,130)	2,282	0.6%	5,412
Milan Station Holdings Limited ("MSH")	(1,975)	2,276	0.6%	4,251
Luxxu Group Limited ("LGL")	(2,432)	1,315	0.4%	3,747
Sub-total	(13,181)	26,077	7.1%	39,260
Other listed equity securities	(630)	7,932	2.2%	4,717
Total	(13,811)	34,009	9.3%	43,977

Note

- (a) 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 2023, turnover and loss of WLS were approximately HK\$145.9 million and HK\$105.3 million respectively.
- (b) CIF is engaged in securities trading and investment holding. Based on CIF's annual result for the year ended 31 March 2023, revenue and loss of CIF were approximately HK\$3.6 million and HK\$41.2 million respectively.
- (c) HDA is engaged in securities trading and investment holding. Based on HDA's annual result for the year ended 31 December 2022, revenue and loss of HDA were approximately HK\$5.9 million and HK\$44.1 million respectively.
- (d) AGD is engaged in trading and distribution of food and beverage grocery products in Hong Kong. Based on AGD's annual result for the year ended 30 September 2023, turnover and loss of AGD were approximately HK\$286.2 million and HK\$4.4 million.
- (e) 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 2022, turnover and profit of MSH were approximately HK\$233.3 million and HK\$45.2 million respectively.
- (f) LGL is engaged in the manufacture and sales of own-branded watches and jewellery, OEM watches and third-party watches. Based on LGL's interim result for the six months ended 30 June 2023, turnover and loss of LGL were approximately RMB27.3 million and RMB18.1 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 2023, there was no investment held by the Group the value of which was more than 1% of the total assets of the Group.

HUMAN RESOURCES

As at 30 June 2023, in addition to the Directors, there were approximately 41 employees (31 December 2022: 45) 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 2023.

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 2023.

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 2023.

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

Save as disclosed below, as at 30 June 2023, 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	5,480,000	6,000,000	11,480,000	1.9%
Zhang Ligong	Beneficial owner	5,480,000	6,000,000	11,480,000	1.9%
Wang Zhongling	Beneficial owner	5,480,000	6,000,000	11,480,000	1.9%
Cheng Ruixiong	Beneficial owner	5,480,000	–	5,480,000	0.9%

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

Save as disclosed below, as at 30 June 2023, 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	45,318,000	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. The Share Option Scheme was expired on 27 June 2023. Summary of principal terms of the Share Option Scheme were outlined in the Company's annual report for the year ended 31 December 2023 under the section "Directors' Report".

Movements of the share options granted under the Share Option Scheme during the period ended 30 June 2023 are as follows:

	Date of grant	Outstanding as at 1 January 2023	Granted	Exercised	Lapsed	Cancelled	Outstanding as at 30 June 2023	Vesting period	Exercisable period	Exercise price HK\$
Category 1: Employees										
	28.07.2017	4,966,000	-	-	-	-	4,966,000	-	28.07.2017 – 27.07.2027	0.995
	18.05.2021	36,820,000	-	-	-	-	36,820,000	-	18.05.2021 – 17.05.2024	0.565
	10.05.2022	60,340,000	-	-	-	-	60,340,000	-	10.05.2022 – 09.05.2025	0.33
Sub-total		102,126,000	-	-	-	-	102,126,000			
Category 2: Directors										
Li Jinglong	18.05.2021	6,000,000	-	-	-	-	6,000,000	-	18.05.2021 – 17.05.2024	0.565
Zhang Ligong	18.05.2021	6,000,000	-	-	-	-	6,000,000	-	18.05.2021 – 17.05.2024	0.565
Wang Zhongling	18.05.2021	6,000,000	-	-	-	-	6,000,000	-	18.05.2021 – 17.05.2024	0.565
Sub-total		18,000,000	-	-	-	-	18,000,000			
Total		120,126,000	-	-	-	-	120,126,000			

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 2023.

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 2023