SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

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FILER

WEWARDS, INC.

CIK:**1616156**| IRS No.: **331230099** | State of Incorp.:**NV** | Fiscal Year End: **0531**
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarter ended August 31, 2020

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from __________to __________

Commission file number: 000-55957

WEWARDS, INC.

(Exact name of registrant as specified in its Charter)

Nevada	**33-1230099**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
2960 West Sahara Avenue Las Vegas, NV	**89102**
(Address of principal executive offices)	*(Zip Code)*

Registrant's telephone number, including area code: 702-944-5599

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
None	None	None

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☑	Smaller reporting company ☑
Emerging growth company ☐	

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

As of October 9, 2020, the registrant had 107,483,450 shares of common stock issued and outstanding.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

WEWARDS, INC.
CONDENSED BALANCE SHEETS

		August 31, 2020 (Unaudited)		May 31, 2020
ASSETS				
Current assets:				
Cash	$	3,969,649	$	4,017,107
Total current assets		3,969,649		4,017,107
Right-of-use asset		406,633		443,014
Total assets	$	4,376,282	$	4,460,121
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)				
Current liabilities:				
Accounts payable	$	3,695	$	325
Accounts payable, related party		15,006		15,006
Accrued interest, related parties		1,551,796		1,419,467
Deferred revenues, related party		23,336		5,834
Current maturities of operating lease obligation, related party		152,999		149,979
Total current liabilities		1,746,832		1,590,611
Long term liabilities:				
Operating lease obligation, related party		253,634		293,035
Convertible notes payable, related party		10,500,000		10,500,000
Total liabilities		12,500,466		12,383,646
Commitments and contingencies		–		–
Stockholders' equity (deficit):				
Preferred stock, $0.001 par value, 50,000,000 shares authorized, no shares issued and outstanding		–		–
Common stock, $0.001 par value, 500,000,000 shares authorized, 107,483,450 issued and outstanding		107,483		107,483
Additional paid in capital		5,161,532		5,161,532
Accumulated deficit		(13,393,199)		(13,192,540)
Total stockholders' equity (deficit)		(8,124,184)		(7,923,525)
Total liabilities and stockholders' equity (deficit)	$	4,376,282	$	4,460,121

See accompanying notes to financial statements.

WEWARDS, INC.
CONDENSED STATEMENTS OF OPERATIONS
(Unaudited)

	For the Three Months Ended August 31, 2020	2019
Revenue, related party	$ 12,498	$ –
Operating expenses:		
General and administrative	3,908	2,028
Rent expense, related party	45,000	45,000
Professional fees	39,745	189,675
Total operating expenses	88,653	236,703
Operating loss	(76,155)	(236,703)
Other income (expense):		
Interest expense, related party	(132,329)	(134,727)
Interest income	7,825	21,754
Total other income (expense)	(124,504)	(112,973)
Net loss	$ (200,659)	$ (349,676)
Weighted average number of common shares outstanding - basic and fully diluted	107,483,450	107,483,450
Net loss per share - basic and fully diluted	$ (0.00)	$ (0.00)

See accompanying notes to financial statements.

WEWARDS, INC.
CONDENSED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(Unaudited)

For the Three Months Ended August 31, 2020

	Preferred Stock		Common Stock		Additional	Accumulated	Total
	Shares	Amount	Shares	Amount	Paid-in Capital	Deficit	Stockholders' Equity
Balance, May 31, 2020	–	$ –	107,483,450	$ 107,483	$ 5,161,532	$ (13,192,540)	$ (7,923,525)
Net loss for the three months ended August 31, 2020	–	–	–	–	–	(200,659)	(200,659)
Balance, August 31, 2020	–	$ –	107,483,450	$ 107,483	$ 5,161,532	$ (13,393,199)	$ (8,124,184)

For the Three Months Ended August 31, 2019

	Preferred Stock		Common Stock		Additional	Accumulated	Total
	Shares	Amount	Shares	Amount	Paid-in Capital	Deficit	Stockholders' Equity
Balance, May 31, 2019	–	$ –	107,483,450	$ 107,483	$ 5,083,348	$ (12,295,159)	$ (7,104,328)
Net loss for the three months ended August 31, 2019	–	–	–	–	–	(349,676)	(349,676)
Balance, August 31, 2019	–	$ –	107,483,450	$ 107,483	$ 5,083,348	$ (12,644,835)	$ (7,454,004)

See accompanying notes to financial statements.

WEWARDS, INC.
CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Three Months Ended August 31, 2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (200,659)	$ (349,676)
Adjustments to reconcile net loss to net cash used in operating activities:		
Decrease (increase) in assets:		
Prepaid expenses	–	25,000
Right-of-use asset	36,381	–
Increase (decrease) in liabilities:		
Accounts payable	3,370	(229)
Accrued interest, related party	132,329	134,726
Deferred revenue, related party	17,502	–
Operating lease obligation, related party	(36,381)	–
Net cash used in operating activities	(47,458)	(190,179)
NET CHANGE IN CASH	(47,458)	(190,179)
CASH AT BEGINNING OF PERIOD	4,017,107	4,508,397
CASH AT END OF PERIOD	$ 3,969,649	$ 4,318,218
SUPPLEMENTAL INFORMATION:		
Interest paid	$ –	$ –
Income taxes paid	$ –	$ –

See accompanying notes to financial statements.

WEWARDS, INC.
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2020
(Unaudited)

NOTE 1 – ORGANIZATION, BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization
Wewards, Inc. ("Wewards" or "the Company") was incorporated in the state of Nevada on September 10, 2013 as Betafox Corp., with the initial intent to manufacture and sell color candles. On April 26, 2015, Giorgos Kallides (the "Seller"), entered into an agreement with Future Continental Limited ("Purchaser"), pursuant to which, on May 11, 2015, the Seller sold to Purchaser six million (6,000,000) shares of common stock of the Company (the "Shares") owned by the Seller, constituting approximately 73.8% of the Company' s 8,130,000 issued and outstanding common shares at such time, for $340,000. In October 2015, the Purchaser sold the 6,000,000 Shares to Mr. Lei Pei, an affiliate of the Purchaser, in consideration of Mr. Pei' s agreement to serve as our director and CEO. On January 8, 2018, by consent of Lei Pei as the Company' s principal shareholder, the Company changed its name to Wewards, Inc. The Company' s corporate office is located in Las Vegas, Nevada.

The Company has developed and is the owner of a web-based platform accessible by mobile apps (the "Platform") that will enable consumers to purchase goods from merchants and earn rebates payable in the form of Bitcoin. The Platform provides an innovative Bitcoin rewards ecosystem. It is designed to transform traditional concepts of commerce into a cooperative society where both merchants and consumers are collaborating, utilizing Bitcoin to reward consumers. The ecosystem provides consumers with rewards each time they complete a challenge defined by a merchant. This is intended to make the ecommerce process beneficial to all market participants, and to help distribute commercial wealth among and between the merchants and consumers. The Company intends to generate revenue by licensing "white-label" versions of the Platform to third parties. However, to date, no such license agreement has been entered into, and the Company has not generated any revenues.

Basis of Presentation
The unaudited condensed financial statements of the Company and the accompanying notes included in this Quarterly Report on Form 10-Q are unaudited. In the opinion of management, all adjustments necessary for a fair presentation of the Condensed Financial Statements have been included. Such adjustments are of a normal, recurring nature. The Condensed Financial Statements, and the accompanying notes, are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and do not contain certain information included in the Company' s Annual Report on Form 10-K for the fiscal year ended May 31, 2020. The interim Condensed Financial Statements should be read in conjunction with that Annual Report on Form 10-K. Results for the interim periods presented are not necessarily indicative of the results that might be expected for the entire fiscal year.

Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentrations of Credit Risk
The Company maintains our cash in bank deposit accounts, the balances of which at times may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 under current regulations. The Company had approximately $3,506,853 and $3,768,042 in excess of FDIC insured limits at August 31, 2020 and May 31, 2020, respectively. The Company has not experienced any losses in such accounts.

Reclassifications
In the current period, the Company separately classified professional fees from general and administrative expenses in the Condensed Statement of Operations. For comparative purposes, amounts in the prior period have been reclassified to conform to the current period presentation. These reclassifications had no effect on previously reported results of operations.

Fair Value of Financial Instruments
Under FASB ASC 820-10-05, the Financial Accounting Standards Board establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. This Statement reaffirms that fair value is the relevant measurement attribute. The adoption of this standard did not have a material effect on the Company' s financial statements as reflected herein. The carrying amounts of cash, accounts payable and accrued expenses reported on the balance sheets are estimated by

management to approximate fair value primarily due to the short-term nature of the instruments. The Company had no items that required fair value measurement on a recurring basis.

Software Development Costs

The Company expenses software development costs, including costs to develop software products or the software component of products to be sold, leased, or marketed to external users, before technological feasibility is reached. Technological feasibility is typically reached shortly before the release of such products. Software development costs also include costs to develop software to be used solely to meet internal needs and cloud-based applications used to deliver our services. The Company capitalizes development costs related to these software applications once the preliminary project stage is complete and it is probable that the project will be completed, and the software will be used to perform the function intended. Capitalization ends, and amortization begins when the product is available for general release to customers.

Impairment of Intangible Assets

The Company reviews intangible assets for impairment when events or changes in circumstances indicate the carrying amount may not be recoverable. The Company measures recoverability of these assets by comparing the carrying amounts to the future undiscounted cash flows that the assets or the asset group are expected to generate. If the carrying value of the assets are not recoverable, the impairment recognized is measured as the amount by which the carrying value of the asset exceeds its fair value.

Convertible Instruments

The Company evaluates its convertible instruments, options, warrants or other contracts to determine if those contracts or embedded components of those contracts qualify as derivatives to be separately accounted for under ASC Topic 815, "Derivatives and Hedging." The result of this accounting treatment is that the fair value of the derivative is marked-to-market each balance sheet date and recorded as a liability. In the event that the fair value is recorded as a liability, the change in fair value is recorded in the statement of operations as other income (expense). Upon conversion or exercise of a derivative instrument, the instrument is marked to fair value at the conversion date and then that fair value is reclassified to equity. Equity instruments that are initially classified as equity that become subject to reclassification under ASC Topic 815 are reclassified to liabilities at the fair value of the instrument on the reclassification date. We analyzed the derivative financial instruments (the Convertible Notes), in accordance with ASC 815. The objective is to provide guidance for determining whether an equity-linked financial instrument is indexed to an entity' s own stock. This determination is needed for a scope exception which would enable a derivative instrument to be accounted for under the accrual method. The classification of a non-derivative instrument that falls within the scope of ASC 815-40-05 "Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company' s Own Stock" also hinges on whether the instrument is indexed to an entity' s own stock. A non-derivative instrument that is not indexed to an entity' s own stock cannot be classified as equity and must be accounted for as a liability. There is a two-step approach in determining whether an instrument or embedded feature is indexed to an entity' s own stock. First, the instrument's contingent exercise provisions, if any, must be evaluated, followed by an evaluation of the instrument's settlement provisions. The Company utilized multinomial lattice models that value the derivative liability within the notes based on a probability weighted discounted cash flow model. The Company utilized the fair value standard set forth by the Financial Accounting Standards Board, defined as the amount at which the assets (or liability) could be bought (or incurred) or sold (or settled) in a current transaction between willing parties, that is, other than in a forced or liquidation sale.

Revenue Recognition

Effective June 1, 2019, the Company adopted ASC 606 − Revenue from Contracts with Customers. Under ASC 606, the Company recognizes revenue from the licensing of our software by applying the following steps: (1) identify the contract with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to each performance obligation in the contract; and (5) recognize revenue when each performance obligation is satisfied.

There was no impact on the Company' s financial statements from the adoption of ASC 606 for the three months ended August 31, 2020 or the year ended May 31, 2020.

We derive revenue principally from licensing our intellectual property, including our game, and related extra content and services that can be utilized by players of our game. Our product and service offerings include, but are not limited to, licensing to third parties ("software license") to distribute and host our games and content ("Online-Hosted Service Games").

We evaluate and recognize revenue by:

- identifying the contract(s) with the customer;
- identifying the performance obligations in the contract;
- determining the transaction price;
- allocating the transaction price to performance obligations in the contract; and
- recognizing revenue as each performance obligation is satisfied through the transfer of a promised good or service to a customer (i.e., "transfer of control").

Online-Hosted Service Games. Sales of our Online-Hosted Service Games are determined to have one distinct performance obligation: the online hosting. We recognize revenue from these arrangements as the service is provided through our licensing agreement(s).

Licensing Revenue

We utilize third-party licensees to distribute and host our games and content in accordance with license agreements, for which the licensees typically pay us a fixed minimum guarantee and/or sales-based royalties. These arrangements typically include multiple performance obligations, such as a time-based license of software and future update rights. We recognize as revenue a portion of the minimum guarantee when we transfer control of the license of software (generally upon commercial launch) and the remaining portion ratably over the contractual term in which we provide the licensee with future update rights. Any sales-based royalties are generally recognized as the related sales occur by the licensee.

Significant Judgments around Revenue Arrangements

Identifying performance obligations. Performance obligations promised in a contract are identified based on the goods and services that will be transferred to the customer that are both capable of being distinct, (i.e., the customer can benefit from the goods or services either on its own or together with other resources that are readily available), and are distinct in the context of the contract (i.e., it is separately identifiable from other goods or services in the contract). To the extent a contract includes multiple promises, we must apply judgment to determine whether those promises are separate and distinct performance obligations. If these criteria are not met, the promises are accounted for as a combined performance obligation.

Determining the transaction price. The transaction price is determined based on the consideration that we will be entitled to receive in exchange for transferring our goods and services to the customer. Determining the transaction price often requires judgment, based on an assessment of contractual terms and business practices. It further includes review of variable consideration such as discounts, sales returns, price protection, and rebates, which is estimated at the time of the transaction. In addition, the transaction price does not include an estimate of the variable consideration related to sales-based royalties. Sales-based royalties are recognized as the sales occur.

Allocating the transaction price. Allocating the transaction price requires that we determine an estimate of the relative stand-alone selling price for each distinct performance obligation. Determining the relative stand-alone selling price is inherently subjective, especially in situations where we do not sell the performance obligation on a stand-alone basis (which occurs in the majority of our transactions). In those situations, we determine the relative stand-alone selling price based on various observable inputs using all information that is reasonably available. Examples of observable inputs and information include: historical internal pricing data, cost plus margin analyses, third-party external pricing of similar or same products and services such as software licenses and maintenance support within the enterprise software industry. The results of our analysis resulted in a specific percentage of the transaction price being allocated to each performance obligation.

Determining the Estimated Offering Period. The offering period is the period in which we offer to provide the future update rights and/or online hosting for the game. Because the offering period is not an explicitly defined period, we must make an estimate of the offering period for the service-related performance obligations (i.e., future update rights and online hosting). Determining the Estimated Offering Period is inherently subjective and is subject to regular revision. Generally, we consider the specified contract period of our software licenses and therefore, the offering period is estimated to be over the term of the license. We recognize revenue for future update rights and online hosting performance obligations ratably on a straight-line basis over this period as there is a consistent pattern of delivery for these performance obligations.

Stock-Based Compensation

The Company accounts for equity instruments issued to employees in accordance with the provisions of ASC 718 Stock Compensation (ASC 718) and Equity-Based Payments to Non-employees pursuant to ASC 2018-07 (ASC 2018-07). All transactions in which goods or services are the consideration received for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable. The measurement date of the fair value of the equity instrument issued is the earlier of the date on which the counterparty's performance is complete or the date at which a commitment for performance by the counterparty to earn the equity instruments is reached because of sufficiently large disincentives for nonperformance.

Basic and Diluted Loss Per Share

Basic earnings per share ("EPS") are computed by dividing net income (the numerator) by the weighted average number of common shares outstanding for the period (the denominator). Diluted EPS is computed by dividing net income by the weighted average number of common shares and potential common shares outstanding (if dilutive) during each period. Potential common shares include stock options, warrants and restricted stock. The number of potential common shares outstanding relating to stock options, warrants and restricted stock is computed using the treasury stock method. For the periods presented, potential dilutive securities had an anti-dilutive effect and were not included in the calculation of diluted net loss per common share.

Income Taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. A valuation allowance is provided for significant deferred tax assets when it is more likely than not, that such asset will not be recovered through future operations.

Uncertain Tax Positions

In accordance with ASC 740, "Income Taxes" ("ASC 740"), the Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be capable of withstanding examination by the taxing authorities based on the technical merits of the position. These standards prescribe a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. These standards also provide guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition.

Various taxing authorities may periodically audit the Company' s income tax returns. These audits include questions regarding the Company' s tax filing positions, including the timing and amount of deductions and the allocation of income to various tax jurisdictions. In evaluating the exposures connected with various tax filing positions, including state and local taxes, the Company records allowances for probable exposures. A number of years may elapse before a particular matter, for which an allowance has been established, is audited and fully resolved. The Company has not yet undergone an examination by any taxing authorities.

The assessment of the Company' s tax position relies on the judgment of management to estimate the exposures associated with the Company' s various filing positions.

Recently Adopted Accounting Standards

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. ASU 2016-02 requires lessees to recognize assets and liabilities for most leases. ASU 2016-02 is effective for public entity financial statements for annual periods beginning after December 15, 2018, and interim periods within those annual periods. Early adoption is permitted, including adoption in an interim period. ASU 2016-02 was further clarified and amended within ASU 2018-01, ASU 2018-10, ASU 2018-11 and ASU 2018-20 which included provisions that would provide us with the option to adopt the provisions of the new guidance using a modified retrospective transition approach, without adjusting the comparative periods presented. We adopted the new standard on May 31, 2019 and used the effective date as our date of initial application under the modified retrospective approach. We elected the short-term lease recognition exemption for all of our leases that qualify. This means, for those leases we will not recognize right-of-use (RoU) assets or lease liabilities. The implementation of this new standard did not have a material impact on our financial statements, other than the presentation of a right of use asset and an operating lease obligation liability on the balance sheet in an equal amount.

No other new accounting pronouncements, issued or effective during the period ended August 31, 2020, have had or are expected to have a significant impact on the Company’ s financial statements.

NOTE 2 – RELATED PARTIES

Accounts Payable, Related Party

The Company owed United Power, Inc. ("United Power") $15,006 for unpaid rent and utilities as of August 31, 2020 and May 31, 2020. As disclosed in Note 6, below, the Company subleases office space from United Power, an affiliate of the Company by reason of common ownership with Lei Pei, the Company' s sole officer and director and majority shareholder, at a base monthly rent of $15,000. The building is owned by Future Property Limited.

See also Notes 4 and 5, below, for additional related party transactions.

NOTE 3 – FAIR VALUE OF FINANCIAL INSTRUMENTS

Under FASB ASC 820-10-5, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). The standard outlines a valuation framework and creates a fair value hierarchy in order to increase the consistency and comparability of fair value measurements and the related disclosures. Under GAAP, certain assets and liabilities must be measured at fair value, and FASB ASC 820-10-50 details the disclosures that are required for items measured at fair value.

The Company has certain financial instruments that must be measured under the new fair value standard. The Company' s financial assets and liabilities are measured using inputs from the three levels of the fair value hierarchy. The three levels are as follows:

Level 1 - Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

Level 2 - Inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (e.g., interest rates, yield curves, etc.), and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs).

Level 3 - Unobservable inputs that reflect our assumptions about the assumptions that market participants would use in pricing the asset or liability.

The following schedule summarizes the valuation of financial instruments at fair value on a recurring basis in the balance sheets as of August 31, 2020 and May 31, 2020, respectively:

	Fair Value Measurements at August 31, 2020		
	Level 1	**Level 2**	**Level 3**
Assets			
Cash	$ 3,969,649	$ –	$ –
Total assets	3,969,649	–	–
Liabilities			
Convertible notes payable, related party	–	–	10,500,000
Total liabilities	–	–	10,500,000
	$ 3,969,649	$ –	$ (10,500,000)

	Fair Value Measurements at May 31, 2020		
	Level 1	**Level 2**	**Level 3**
Assets			
Cash	$ 4,017,107	$ –	$ –
Total assets	4,017,107	–	–
Liabilities			
Convertible notes payable, related party	–	–	10,500,000
Total liabilities	–	–	10,500,000
	$ 4,017,107	$ –	$ (10,500,000)

There were no transfers of financial assets or liabilities between Level 1, Level 2 and Level 3 inputs for the period ended August 31, 2020 or the year ended May 31, 2020.

NOTE 4 – INTANGIBLE ASSETS

On April 2, 2020, the Company purchased intellectual property rights (“IP”) from United Power, a Nevada corporation under common ownership with Lei Pei, the Company’ s sole officer and director and majority shareholder, for cash consideration of $179,300, based on a price determined by an independent valuation. The IP consists of technology and related rights associated with the game Megopoly, an MMO (Massively Multiplayer Online Game). Because United Power is a related party, the acquisition did not result in a stepped-up basis in the IP, and the full purchase price of $179,300 was treated as an equity contribution during the year ended May 31, 2020.

NOTE 5 – CONVERTIBLE NOTES PAYABLE, RELATED PARTY

Convertible notes payable, related party consists of the following at August 31, 2020 and May 31, 2020, respectively:

	August 31, 2020	May 31, 2020
On February 26, 2017, Sky Rover Holdings, Ltd (“Sky Rover), which is owned and controlled by Mr. Pei, agreed to loan up $20,000,000 to the Company, of which $8,000,000 was loaned on February 28, 2017. Sky Rover was issued an unsecured, 5%, convertible promissory note which, as amended, is due on February 28, 2022, and is, in whole or in part, at the option of the holder, convertible into common shares at any time before the due date, at a conversion price of $0.08 per share (subject to adjustment in the event of stock splits, forward splits, recapitalizations, a merger, etc.). At the option of the Company, the interest may also be paid by issuing restricted shares of common stock, at the same conversion price per share. On June 26, 2018, the Company repaid $4,000,000 of principal of this loan. In addition, Sky Rover converted $1,500,000 of principal of this loan into common shares at the conversion price of $0.08 per share into a total of 18,750,000 shares. Sky Rover waived accrued and unpaid interest of $363,904, which was credited to additional paid in capital. As of August 31, 2020, there is $439,467 of accrued interest due on this loan.	$ 2,500,000	$ 2,500,000
On November 20, 2017, Sky Rover loaned an additional $8,000,000 to the Company. Sky Rover was issued an unsecured, 5%, convertible promissory note which, as amended, is due on November 20, 2022, and is, in whole or in part, at the option of the holder, convertible into common shares at any time before the due date, at a conversion price of $0.08 per share (subject to adjustment in the event of stock splits, forward splits, recapitalizations, a merger, etc.). At the option of the Company, the interest may also be paid by issuing restricted shares of common stock, at the same conversion price per share. As of August 31, 2020, there is $1,112,329 of accrued interest on this loan.	8,000,000	8,000,000
Total convertible notes payable, related party	10,500,000	10,500,000
Less: current portion	–	–
Convertible notes payable, related party, less current portion	$ 10,500,000	$ 10,500,000

If Sky Rover converts the remaining $10,500,000 in principal of the Convertible Notes at the present conversion price of $0.08 per share into 131,250,000 shares, those shares, plus the approximate 101,353,450 shares Mr. Pei currently owns, would give him beneficial ownership of 232,603,450 shares of the Company’ s 238,733,450 then-issued and outstanding shares (assuming that no other shares are issued prior to conversion), which would approximate 97.4% of the then-outstanding shares.

The Company recognized interest expense for the three months ended August 31, 2020 and 2019, respectively, as follows:

	August 31, 2020	August 31, 2019
Interest on due to related parties	$ –	$ 2,398
Interest on convertible notes, related party	132,329	132,329
Total interest expense	$ 132,329	$ 134,727

NOTE 6 – COMMITMENTS AND CONTINGENCIES - LEASE

On March 1, 2018, the Company began occupying its current corporate headquarters at 2960 West Sahara Avenue, Las Vegas, NV 89102, under a five-year sublease with United Power, an affiliate of the Company by reason of common ownership with Lei Pei. The sublease provides for base monthly rent of $15,000, plus increases of up to 3% each year based on increases, if any, of the Consumer Price Index. The building is owned by Future Property Limited. Future Property Limited entered into a lease with United Power, and the Company then sublet the space from United Power. The Company is occupying the space for executive and administrative offices. Rent expense for the three months ended August 31, 2020 and 2019 was $45,000. The Company has accounted for the lease under ASC 842, as follows:

The components of lease expense were as follows:

	For the Three Months Ended August 31, 2020
Operating lease cost:	
Amortization of assets	$ 36,381
Interest on lease liabilities	8,619
Total operating lease cost	$ 45,000

Supplemental balance sheet information related to leases was as follows:

	August 31, 2020
Operating lease:	
Operating lease assets	$ 406,633
Current portion of operating lease obligation	$ 152,999
Noncurrent operating lease obligation	253,634
Total operating lease obligation	$ 406,633
Weighted average remaining lease term:	
Operating leases	2.5 years
Weighted average discount rate:	
Operating lease	8.00%

Supplemental cash flow and other information related to operating leases was as follows:

	For the Three Months Ended August 31, 2020
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows used for operating leases	$ 45,000

Future minimum annual lease payments required under the operating lease and the present value of the net minimum lease payments are as follows at August 31, 2020:

For the Fiscal Year Ended May 31:		Minimum Lease Commitments
2021*	$	135,000
2022		180,000
2023		135,000
Total payments	$	450,000
Amount representing interest	$	(43,367)
Lease obligation, net		406,633
Less current portion		(152,999)
Lease obligation – long term	$	253,634

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* Liability pertains to the remaining nine-month period from September 1, 2020 through May 31, 2021.

NOTE 7 – CHANGES IN STOCKHOLDERS' EQUITY

Preferred Stock

The Company has authorized preferred stock of 50,000,000 shares, par value $0.001 per share. The voting powers, conversion features, if any, designations, preferences, limitations, restrictions and other rights of the preferred stock shall be prescribed by resolution of the Board of Directors at the time a specific series of preferred stock is designated. None of the preferred shares have been issued as of the date of this Report.

Common Stock

The Company has 500,000,000 authorized shares of $0.001 par value Common Stock, and had 107,483,450 shares issued and outstanding as of August 31, 2020.

NOTE 8 - INCOME TAX

The Company accounts for income taxes under FASB ASC 740-10, which requires use of the liability method. FASB ASC 740-10-25 provides that deferred tax assets and liabilities are recorded based on the differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, referred to as temporary differences.

For the three months ended August 31, 2020 and the year ended May 31, 2020, the Company incurred a net operating loss and, accordingly, no provision for income taxes has been recorded. In addition, no benefit for income taxes has been recorded due to the uncertainty of the realization of any tax assets. At August 31, 2020, the Company had approximately $5,858,000 of federal net operating losses. The net operating loss carry forwards, if not utilized, will begin to expire in 2034.

Based on the available objective evidence, including the Company's history of losses, management believes it is more likely than not that the net deferred tax assets will not be fully realizable. Accordingly, the Company provided for a full valuation allowance against its net deferred tax assets at both August 31, 2020 and May 31, 2020.

In accordance with FASB ASC 740, the Company has evaluated its tax positions and determined there are no uncertain tax positions.

NOTE 9 – SUBSEQUENT EVENTS

On September 1, 2020, the Company terminated its sublease agreement with United Power and entered into a new lease agreement with the owner of the building, Future Property Limited, under substantially the same terms as the sublease agreement. The new lease requires monthly lease payments of $15,000 for the following two and a half years.

ITEM 2. MANAGEMENT' S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information contained in this Form 10-Q is intended to update the information contained in our Annual Report on Form 10-K for the year ended May 31, 2020 and presumes that readers have access to, and will have read, the "Management's Discussion and Analysis of Financial Condition and Results of Operations" and other information contained in such Form 10-K. The following discussion and analysis also should be read together with our financial statements and the notes to the financial statements included elsewhere in this Form 10-Q.

The following discussion contains certain statements that may be deemed "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements appear in a number of places in this Report, including, without limitation, "Management's Discussion and Analysis of Financial Condition and Results of Operations." These statements are not guarantees of future performance and involve risks, uncertainties and requirements that are difficult to predict or are beyond our control. Forward-looking statements speak only as of the date of this quarterly report. You should not put undue reliance on any forward-looking statements. We strongly encourage investors to carefully read the factors described in our Annual Report on Form 10-K for the year ended May 31, 2020 in the section entitled "Risk Factors" for a description of certain risks that could, among other things, cause actual results to differ from these forward-looking statements. We assume no responsibility to update the forward-looking statements contained in this quarterly report on Form 10-Q. The following should also be read in conjunction with the unaudited Financial Statements and notes thereto that appear elsewhere in this report.

Overview

Wewards, Inc. ("Wewards" or the "Company") was incorporated in Nevada on September 10, 2013, as Betafox Corp. On January 8, 2018, we changed our name to Wewards, Inc.

We have developed and are the owner of a web-based platform accessible by mobile apps (the "Platform") that will enable consumers to purchase goods from merchants and earn rebates payable in the form of Bitcoin. The Platform provides an innovative Bitcoin rewards ecosystem. It is designed to transform traditional concepts of commerce into a cooperative society where both merchants and consumers are collaborating, utilizing Bitcoin to reward consumers. The ecosystem will provide consumers with rewards each time they complete a challenge defined by a merchant. This is intended to make the ecommerce process beneficial to all market participants, and to help distribute commercial wealth among and between the merchants and consumers. We intend to generate revenue by licensing "white-label" versions of the Platform to third parties. However, to date, no such license agreement has been entered into, and we have not generated any revenues from the Platform.

On April 2, 2020, we purchased intellectual property rights ("IP") from United Power, a Nevada corporation under common ownership with Lei Pei, our sole officer and director and majority shareholder, for cash consideration of $179,300, based on a price determined by an independent valuation.

The IP consists of technology and related rights associated with the game Megopoly, an MMO (Massively Multiplayer Online Game). Megopoly is an MMO board game where players are able to earn fractions of Bitcoins (satoshi) through buying, selling, and managing virtual real estate properties using in-game currency (Megopoly Coins). The game is similar in some respects to Monopoly.

The game allows players around the world to interact with each other online. Players travel (move) through different parts of a city, earning profit by investing in properties, charging rent, acquiring bonus assets, and selling their properties to other players for in-game currency. A player is able to progress to higher levels of "cities" at any time.

The player' s goal in Megopoly is to earn Megopoly Coins by investing in properties and collecting rent from other players. Players can keep playing the game using their Megopoly Coins for the opportunity to earn more coins, or they can exchange those coins for Bitcoins based on real-time market exchange rates.

Megopoly is playable at any time through a web browser on a PC, tablet or smart phone, in both Chinese and English. The game has been designed for players of all skill levels.

We began generating revenues in the fourth quarter of our fiscal year ended May 31, 2020 from licensing Megopoly and related IP to Sandbx Corp., a separate company owned by the Chief Operating Officer of related party entities, United Power and FL Galaxy. Pursuant to our license agreement with Sandbx Corp., we have received a $50,000 initial setup fee, paid in five equal monthly installments from May 1, 2020 through September 1, 2020, and a monthly royalty of 10% of net revenues from the sale of in-game assets by the licensee, or $5,000, whichever is greater, commencing upon completion of the initial setup, but no later than January 31, 2021. The initial term of the licensing agreement is through April 19, 2021, with automatic monthly renewals, unless terminated by either party via sixty (60) days written notice of non-renewal.

Results of Operations for the Three Months Ended August 31, 2020 and 2019:

The following table summarizes selected items from the statement of operations for the three months ended August 31, 2020 and 2019.

	Three Months Ended		
	August 31, 2020	August 31, 2019	Increase / (Decrease)
Revenue, related party	$ 12,498	$ −	$ 12,498
Operating expenses:			
General and administrative	3,908	2,028	1,880
Rent expense, related party	45,000	45,000	−
Professional fees	39,745	189,675	(149,930)
Total operating expenses:	88,653	236,703	(148,050)
Operating loss	(76,155)	(236,703)	(160,548)
Total other income	(124,504)	(112,973)	11,531
Net loss	$ (200,659)	$ (349,676)	$ (149,017)

Revenue, Related Party

We began to generate revenues from the licensing of our Megopoly game platform to a company owned by United Power' s Chief Operating Officer during the fourth fiscal quarter of 2020. Such revenues were $12,498 for the three months ended August 31, 2020.

General and Administrative Expenses

General and administrative expenses for the three months ended August 31, 2020 were $3,908, compared to $2,028 during the three months ended August 31, 2019, an increase of $1,880, or 93%. The expenses consisted primarily of office, travel, compliance and business development expenses. General and administrative expense increased during the current period due to increased business development expenses.

Rent Expense, Related Party

Related party rent expense for the three months ended August 31, 2020 was $45,000 during the three months ended August 31, 2020 and 2019.

Professional Fees

Professional fees for the three months ended August 31, 2020 were $39,745, compared to $189,675 during the three months ended August 31, 2019, a decrease of $149,930, or 79%. Professional fees decreased primarily due to cost savings related to transitioning to new compliance team members and reductions in fees paid to software developers during the current period.

Operating Loss

Our operating loss for the three months ended August 31, 2020 was $76,155, compared to $236,703 during the three months ended August 31, 2019, a decrease of $160,548, or 68%. Our operating loss decreased primarily due to cost savings related to reductions in business development fees, transitioning to new compliance team members and reductions in fees paid to software developers during the current period.

Other Income (Expense)

Other expense, on a net basis, for the three months ended August 31, 2020 was $124,504, compared to other expense, on a net basis, of $112,973 during the three months ended August 31, 2019, an increase of $11,531, or 10%. Other expense consisted of $132,329 of interest expense on related party loans, as offset by $7,825 of interest income for the three months ended August 31, 2020. Other expense consisted of $134,727 of interest expense on related party loans, as offset by $21,754 of interest income for the three months ended August 31, 2019. Other expense, on a net basis, increased due to diminished interest income on cash balances.

Net Loss

Net loss for the three months ended August 31, 2020 was $200,659, compared to $349,676 during the three months ended August 31, 2019, a decrease of $149,017, or 43%. The decreased net loss was due to cost savings related to reductions in business development fees, transitioning to new compliance team members and reductions in fees paid to software developers during the current period.

Liquidity and Capital Resources

The following is a summary of the Company' s cash flows used in operating, investing, and financing activities for the three-month periods ended August 31, 2020 and 2019:

	2020	2019
Operating Activities	$ (47,458)	$ (190,179)
Investing Activities	–	–
Financing Activities	–	–
Net Decrease in Cash	$ (47,458)	$ (190,179)

Cash Flows from Operating Activities

We have not generated positive cash flows from operating activities. During the three months ended August 31, 2020, net cash flows used in operating activities was $47,458. For the same period ended August 31, 2019, net cash flows used in operating activities was $190,179. The decrease in cash used in operating activities is primarily attributable to our decreased net loss.

Cash Flows from Investing Activities

We did not engage in any investing activities during the three months ended August 31, 2020 and 2019.

Cash Flows from Financing Activities

We did not engage in any financing activities during the three months ended August 31, 2020 and 2019.

Satisfaction of our Cash Obligations for the Next 12 Months

As of August 31, 2020, our balance of cash on hand was $3,969,649. We believe we currently have sufficient funds to fund our operations at their current levels for the next twelve months. Since our CEO and majority shareholder, Mr. Pei, acquired control over the Company in May 2015, we have been wholly dependent upon Mr. Pei and his affiliated companies, to provide financing to us when needed, generally in the form of convertible loans. There can be no assurance that Mr. Pei will continue to make additional financing available to us if and when needed.

We will need additional funds to repay our related party debts should they not be converted to equity. No assurance can be given that any future financing will be available or, if available, that it will be on terms that are satisfactory to us. Even if we are able to obtain additional financing (whether from our affiliates or third parties), the terms of such financing may contain undue restrictions on our operations and result in substantial dilution for our stockholders. We cannot guarantee that we will ever become profitable. Even if we achieve profitability, given the competitive and evolving nature of the industry in which we operate, we may not be able to sustain or increase profitability, and our failure to do so would adversely affect our business, including our ability to raise additional funds.

Material Commitments

As of the date of this Quarterly Report, we do not have any material commitments.

Purchase of Significant Equipment

We do not have any agreements at this time, to purchase any significant equipment during the next twelve months.

Off-Balance Sheet Arrangements

As of the date of this Quarterly Report, we do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires our management to make assumptions, estimates and judgments that affect the amounts reported, including the notes thereto, and related disclosures of commitments and contingencies, if any. We have identified certain accounting policies that are significant to the preparation of our financial statements. These accounting policies are important for an understanding of our financial condition and results of operations. Critical accounting policies are those that are most important to the presentation of our financial condition and results of operations and require management' s subjective or complex judgment, often as a result of the need to make estimates about the effect of matters that are inherently uncertain and may change in subsequent periods. Certain accounting estimates are particularly sensitive because of their significance to financial statements and because of the possibility that future events affecting the estimate may differ significantly from management' s current judgments.

While our significant accounting policies are more fully described in notes to our consolidated financial statements appearing elsewhere in this Form 10-Q, we believe that the following accounting policies are the most critical to aid you in fully understanding and evaluating our reported financial results and affect the more significant judgments and estimates that we used in the preparation of our financial statements.

Concentrations of Credit Risk

The Company maintains our cash in bank deposit accounts, the balances of which at times may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 under current regulations. The Company had approximately $3,506,853 and $3,768,042 in excess of FDIC insured limits at August 31, 2020 and May 31, 2020, respectively. The Company has not experienced any losses in such accounts.

Reclassifications

In the current period, the Company separately classified professional fees from general and administrative expenses in the Condensed Statement of Operations. For comparative purposes, amounts in the prior period have been reclassified to conform to the current period presentation. These reclassifications had no effect on previously reported results of operations.

Revenue Recognition

Effective June 1, 2019, the Company adopted ASC 606 − Revenue from Contracts with Customers. Under ASC 606, the Company recognizes revenue from the licensing of our software by applying the following steps: (1) identify the contract with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to each performance obligation in the contract; and (5) recognize revenue when each performance obligation is satisfied.

There was no impact on the Company' s financial statements from the adoption of ASC 606 for the three months ended August 31, 2020 or the year ended May 31, 2020.

We derive revenue principally from licensing our intellectual property, including our game, and related extra content and services that can be utilized by players of our game. Our product and service offerings include, but are not limited to, licensing to third parties ("software license") to distribute and host our games and content ("Online-Hosted Service Games").

We evaluate and recognize revenue by:

- identifying the contract(s) with the customer;
- identifying the performance obligations in the contract;
- determining the transaction price;
- allocating the transaction price to performance obligations in the contract; and
- recognizing revenue as each performance obligation is satisfied through the transfer of a promised good or service to a customer (i.e., "transfer of control").

Online-Hosted Service Games. Sales of our Online-Hosted Service Games are determined to have one distinct performance obligation: the online hosting. We recognize revenue from these arrangements as the service is provided through our licensing agreement(s).

Licensing Revenue

We utilize third-party licensees to distribute and host our games and content in accordance with license agreements, for which the licensees typically pay us a fixed minimum guarantee and/or sales-based royalties. These arrangements typically include multiple performance obligations, such as a time-based license of software and future update rights. We recognize as revenue a portion of the minimum guarantee when we transfer control of the license of software (generally upon commercial launch) and the remaining portion ratably over the contractual term in which we provide the licensee with future update rights. Any sales-based royalties are generally recognized as the related sales occur by the licensee.

Significant Judgments around Revenue Arrangements

Identifying performance obligations. Performance obligations promised in a contract are identified based on the goods and services that will be transferred to the customer that are both capable of being distinct, (i.e., the customer can benefit from the goods or services either on its own or together with other resources that are readily available), and are distinct in the context of the contract (i.e., it is separately identifiable from other goods or services in the contract). To the extent a contract includes multiple promises, we must apply judgment to determine whether those promises are separate and distinct performance obligations. If these criteria are not met, the promises are accounted for as a combined performance obligation.

Determining the transaction price. The transaction price is determined based on the consideration that we will be entitled to receive in exchange for transferring our goods and services to the customer. Determining the transaction price often requires judgment, based on an assessment of contractual terms and business practices. It further includes review of variable consideration such as discounts, sales returns, price protection, and rebates, which is estimated at the time of the transaction. In addition, the transaction price does not include an estimate of the variable consideration related to sales-based royalties. Sales-based royalties are recognized as the sales occur.

Allocating the transaction price. Allocating the transaction price requires that we determine an estimate of the relative stand-alone selling price for each distinct performance obligation. Determining the relative stand-alone selling price is inherently subjective, especially in situations where we do not sell the performance obligation on a stand-alone basis (which occurs in the majority of our transactions). In those situations, we determine the relative stand-alone selling price based on various observable inputs using all information that is reasonably available. Examples of observable inputs and information include: historical internal pricing data, cost plus margin analyses, third-party external pricing of similar or same products and services such as software licenses and maintenance support within the enterprise software industry. The results of our analysis resulted in a specific percentage of the transaction price being allocated to each performance obligation.

Determining the Estimated Offering Period. The offering period is the period in which we offer to provide the future update rights and/or online hosting for the game. Because the offering period is not an explicitly defined period, we must make an estimate of the offering period for the service-related performance obligations (i.e., future update rights and online hosting). Determining the Estimated Offering Period is inherently subjective and is subject to regular revision. Generally, we consider the specified contract period of our software licenses and therefore, the offering period is estimated to be over the term of the license. We recognize revenue for future update rights and online hosting performance obligations ratably on a straight-line basis over this period as there is a consistent pattern of delivery for these performance obligations.

Software Development Costs

The Company expenses software development costs, including costs to develop software products or the software component of products to be sold, leased, or marketed to external users, before technological feasibility is reached. Technological feasibility is typically reached shortly before the release of such products. Software development costs also include costs to develop software to be used solely to meet internal needs and cloud-based applications used to deliver our services. The Company capitalizes development costs related to these software applications once the preliminary project stage is complete and it is probable that the project will be completed, and the software will be used to perform the function intended. Capitalization ends, and amortization begins when the product is available for general release to customers.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are a smaller reporting company as defined in Rule 12b-2 of the Exchange Act and are not required to provide the information required under this item.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, who is one and the same, evaluated the effectiveness of our disclosure controls and procedures as of August 31, 2020. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of August 31, 2020, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were not effective at the reasonable assurance level due to the material weaknesses identified and described in Item 9A of our Annual Report on Form 10-K for the fiscal year ended May 31, 2020 under "Evaluation of Disclosure Controls and Procedures".

Changes in Internal Control over Financial Reporting

There have been no significant changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) or in other factors that occurred during the period of our evaluation or subsequent to the date we carried out our evaluation which have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. The design of any system of controls and procedures is based in part upon certain assumptions about the likelihood of future events. There can be no assurance that any system of controls and procedures will succeed in achieving its stated goals under all potential future conditions, regardless of how remote.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are not a party to any legal or administrative proceedings that we believe, individually or in the aggregate, would be likely to have a material adverse effect on our financial condition or results of operations.

ITEM 1A. RISK FACTORS

As a "smaller reporting company", the Company is not required to provide the information required by this Item.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

The following exhibits are included as part of this report by reference:

Exhibit	Description
3.1	Articles of Incorporation (incorporated by reference to Exhibit 3.1.1 of the Form S-1 filed with the Securities and Exchange Commission by Wewards, Inc. on August 8, 2014)
3.2	Certificate of Amendment to Articles of Incorporation dated December 18, 2013 (incorporated by reference to Exhibit 3.1.2 of the Form S-1 filed with the Securities and Exchange Commission by Wewards, Inc. on August 8, 2014)
3.3	Bylaws (incorporated by reference to Exhibit 3.2 of the Form S-1 filed with the Securities and Exchange Commission by Wewards, Inc. on August 8, 2014)
10.1	Intellectual Property Rights Purchase and Transfer Agreement between Wewards, Inc. and United Power, Inc., dated as of April 2, 2020 (incorporated by reference to Exhibit 10.1 of the Form 10-K filed with the Securities and Exchange Commission by Wewards, Inc. on August 31, 2020)
10.2	License Agreement between Wewards, Inc. and Sandbx Corp., dated as of April 20, 2020 (incorporated by reference to Exhibit 10.2 of the Form 10-K filed with the Securities and Exchange Commission by Wewards, Inc. on August 31, 2020)
10.3*	Lease Agreement between Wewards, Inc. and Future Property Limited, dated as of September 1, 2020
31.1*	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Securities Exchange Act of 1934 Rule 13a-14(a) or 15d-14(a)
32.1*	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Securities Exchange Act of 1934 Rule 13a-14(b) or 15d-14(b) and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS*	XBRL Instance Document
101.SCH*	XBRL Schema Document
101.CAL*	XBRL Calculation Linkbase Document
101.DEF*	XBRL Definition Linkbase Document
101.LAB*	XBRL Labels Linkbase Document
101.PRE*	XBRL Presentation Linkbase Document

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* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

WEWARDS, INC.

Date: October 9, 2020

By: /s/ Lei Pei
Lei Pei
President, Chief Executive Officer and
Chief Financial Officer

EXHIBIT 10.3

LEASE

1. **<u>Parties</u>.** This lease (this "*Lease*") is made and entered into this 1st day of September, 2020, by and between Wewards, Inc., a Nevada corporation ("*Tenant*") and Future Property Limited ("*Landlord*").

2. **<u>Premises</u>.** Landlord leases to Tenant and Tenant leases from Landlord the building (the "*Building*"), and improvements, located at 2960 West Sahara Avenue, in Las Vegas, Nevada 89102, and further described as Clark County Assessor's Parcel Numbers 162-05-816-011 (the "*Land*") together with the use and benefit of all of Landlord's rights, privileges and easements. The Land including the Building is herein referred to as the "*Premises*".

3. **<u>Term</u>.** The term of this Lease shall commence on September 1st, 2020 (the "*Commencement Date*") and shall expire effective as of 11:59 p.m. (PST) on the date that is two (2) years and six (6) months thereafter (the "*Term*").

4. **<u>Base Rent; Monthly Additional Rent</u>.**

(a) During the Term, Tenant shall pay to Landlord, all monthly base rent (the "*Base Rent*") as provided in <u>Section 4(b)</u> and Monthly Additional Rent as provided in <u>Section 4(c)</u> (collectively "*Rent*") on the first day of each and every calendar month commencing on the Commencement Date. All Rent shall be paid in lawful currency of the United States of America, to Landlord at Landlord's address set forth in <u>Section 15</u>, or at such other address as the Landlord may specify in writing from time to time during the Term of this Lease.

(b) Base Rent in the amount of $15,000 per month shall be payable monthly in advance commencing on the Commencement Date, and continuing on or before the first day of each calendar month during the Term without offset or deduction, except as may be otherwise expressly provided in this Lease. If the Commencement Date is not the first day of a calendar month, Rent for the period from the Commencement Date to the first of the next calendar month shall be pro-rated on a per diem basis and paid on the Commencement Date.

5. **<u>Use, Compliance with Law, Condition of Premises</u>.**

(a) **Use.** Tenant may use the Premises for any legal purpose, including, without limitation, for general office and administrative activities of Tenant and its affiliates.

(b) **<u>Compliance with Law</u>.**

(i) **<u>Landlord' s Obligations</u>.** Except for Tenant's obligations pursuant to <u>Section 5(b)(ii)</u>, Landlord, throughout the Term of this Lease, shall comply with all covenants or restrictions of record (if any), or any applicable building codes, laws, ordinances, orders, rules and regulations whether state, federal, municipal or promulgated by other agencies or bodies having jurisdiction over the Premises (the "*Legal Requirements*") concerning the Premises.

(ii) **<u>Tenant' s Obligations</u>.** Tenant, at Tenant's sole cost and expense, shall comply with the Legal Requirements pertaining to the Premises if such compliance is required solely as a result of Tenant's unique business use conducted within the Premises.

(c) **<u>Condition of Premises</u>.** Landlord shall deliver the Premises to Tenant clean and free of debris on the Commencement Date and represents and warrants to Tenant:

(i) the Premises is free from defects, is in fully functional condition for the purpose for which it was used prior to the date hereof, with no material maintenance, repair or replacement having been deferred or neglected, is suitable for its current use and free from other material defects.

(ii) all public utilities necessary for the use and operation of the existing facilities on the Premises are available for use or access at the Premises and there is no legal or physical impairment to free ingress or egress from any of the Premises.

If a non-compliance with said warranty exists as of the Commencement Date, Landlord shall promptly after receipt of written notice from Tenant setting forth with specificity the nature and extent of such non-compliance, rectify same at Tenant's expense.

6. <u>Repair and Maintenance Responsibilities</u>.

(a) Landlord, at Landlord's sole cost and expense, shall keep the Building's roof, shell, structure, exterior walls, interior columns, and foundation in good condition and repair. If Landlord does not promptly commence such repairs, maintenance and replacement required of Landlord within thirty (30) days following written notice thereof from Tenant and continue to diligently pursue completion thereof, Tenant shall have the right, but not the obligation, to complete such repairs, maintenance, or replacement. Landlord agrees that all of its work shall not (i) damage the appearance or reduce the floor area of the Premises, (ii) affect Tenant's layout (including access to the Premises), or (iii) materially interfere with Tenant's use and enjoyment of the Premises. Landlord shall perform all such work in such a way as to minimize disruption to Tenant's business.

(b) Except as otherwise set forth in Section 6(a), Tenant shall, at its expense, keep the entire Premises in good repair and maintenance (including replacements) at all times, including repair, replace and maintain the interior of the Building including walls, doors, floors, ceilings, light bulbs, florescent tubes, cabinets, and all mechanical and electrical portions of the Building including, but not limited to, the heating, ventilation and air conditioning (HVAC), electrical, elevators, sprinkler system and standard plumbing systems, in the condition they existed in on the Commencement Date, loss by fire or ordinary wear and tear excepted. If Tenant does not promptly commence such repairs, maintenance and replacement required of Tenant within thirty (30) days following written notice thereof from Landlord and continue to diligently pursue completion thereof, Landlord shall have the right, but not the obligation, to complete such repairs, maintenance or replacement, in which event the costs and expenses related thereto shall be billed directly to and paid by Tenant to Landlord within thirty (30) days after receipt of such billing. In the event there is any warranty in effect in connection with repairs, maintenance, or replacements made by Tenant and if Landlord is unwilling to honor and/or pursue the warranty claim, as appropriate, then Tenant shall have the right to pursue the warranty claim in connection with the repair, maintenance, or replacements made by Tenant.

7. **Assignment and/or Subletting.** Tenant shall not voluntarily assign or encumber its interest in this Lease or in the Premises, or sublease all or any part of the Premises, or allow any other person or entity (except Tenant's authorized representatives) to occupy or use all or any part of the Premises, without first obtaining Landlord's written consent, which consent shall not be unreasonably withheld or delayed. Any assignment, encumbrance or sublease without Landlord's written consent, which consent shall not be unreasonably withheld or delayed, shall be voidable and, at Landlord's election, shall constitute a default. No consent to any assignment, encumbrance or sublease shall constitute a further waiver of the provisions of this Section. Notwithstanding the foregoing, Tenant shall have the right to assign this Lease and/or sublet any part or all of the Premises, without the Landlord's consent, to any of Tenant's subsidiary(s), joint venture partner(s), partnership(s), or other affiliated entity(s), and/or to a successor(s) in interest to any part and/or all of Tenant's business including, without limitation, a sale of assets or stock (a "*Permitted Transfer*"). A Permitted Transfer shall include a merger or consolidation with another entity and/or an assignment or subletting to another entity which is controlling Tenant, controlled by Tenant or is under common control of Tenant and other entity. Regardless of Landlord's consent, no assignment or sublease shall release Tenant of Tenant's obligations hereunder.

8. **Termination of Insurance, Tenant' s Insurance, Landlord' s Insurance, Mutual Release/ Waiver of Subrogation, and Indemnity.**

(a) **Termination of Insurance.** Any insurance required by this Section shall contain a provision that the insurance cannot be terminated without thirty (30) days prior written notice to the other party. All insurance required under this Section shall be maintained with insurance companies qualified to do business in the state in which the Premises are located and otherwise reasonably acceptable to the other party. As evidence of the existence of any insurance required under the Lease, each party shall provide the other with a certificate of insurance or other reasonably satisfactory evidence of such insurance coverage.

(b) **Landlord' s Insurance.** Landlord shall maintain policies of insurance covering loss of or damage to the Premises in the full amount of its replacement cost value (the "*Building Insurance*"). Such policy shall provide protection against all perils included within the classification of fire, extended coverage, vandalism, malicious mischief, special extended perils (all risk), sprinkler leakage and any other perils which Landlord deems reasonably necessary. Any such policy may contain a standard loss payable clause in favor of the holder of any mortgage on the Premises. Landlord shall only utilize insurance companies that are rated no less than "A-, X" by A.M. Best or equivalent rating agency. Landlord shall not obtain insurance for Tenant's fixtures or equipment or Building improvements installed by Tenant on the Premises or other property. Landlord shall pay the premiums for the Building Insurance and rental income insurance policies maintained by Landlord. Landlord shall advise Tenant of the annual premium for such insurance and Tenant shall pay as Monthly Additional Rent a sum equal to one-twelfth (1/12) of the annual premium therefore each month to be paid with the monthly rent installments due hereunder. Promptly upon any change in the amount of such premiums, Landlord shall notify Tenant of such change and the amount to be paid by Tenant shall be adjusted accordingly.

(c) **Mutual Release/Waiver of Subrogation.** Landlord and Tenant each hereby release the other from any and all liability or responsibility for any loss, injury or damage to the Premises, or its contents caused by fire or any other casualty during the Term of this Lease, even if such fire or casualty may have been caused by the negligence (but not the willful misconduct) of the other party or one for whom such party may be responsible. Inasmuch as the above mutual waivers will preclude the assignment of any aforesaid claim by way of subrogation (or otherwise) to an insurance company (or any other person), each party hereto hereby agrees if required by said policies to give to each insurance company which has issued to it policies of fire and extended coverage insurance, written notice of the terms of said mutual waivers, and to have said insurance policies properly endorsed, if necessary, to prevent the invalidation of said insurance coverage by reason of said waivers.

(d) **Indemnity.**

(i) Tenant shall indemnify and hold Landlord and its officers, directors, partners and employees entirely harmless from and against any and all liabilities, claims and/or losses of any kind arising, directly or indirectly, entirely or in part, out of any injury to any person occurring within the Premises regardless of the cause, except to the extent caused by the negligence or intentional misconduct of Landlord, Landlord's agents, employees, invitees or contractors. In the event that any action or proceeding is brought against Landlord by reason of any such claim, Tenant, upon receipt of written notice from Landlord, shall defend the same, at Tenant's expense, by counsel reasonably satisfactory to Landlord. Notwithstanding anything in this Lease to the contrary, the foregoing covenants under this Section 8(e)(i) shall be deemed continuing covenants for the benefit of Landlord and shall survive the expiration of the Lease but only to the extent that the causes giving rise to Tenant's obligations under this Section 8(e)(i) occur before the expiration of this Lease.

(ii) Landlord shall indemnify and hold Tenant and its officers, directors, partners and employees entirely harmless from and against any and all liabilities, claims and/or losses of any kind arising, directly or indirectly, entirely or in part, out of any injury to any person occurring any place within the Premises to the extent caused by the negligence or intentional misconduct of Landlord, Landlord's agents, employees, invitees or contractors. In the event that any action or proceeding is brought against Tenant by reason of any such claim, Landlord, upon receipt of written notice from Tenant, shall defend the same, at Landlord's expense, by counsel reasonably satisfactory to Tenant. Notwithstanding anything in this Lease to the contrary, the foregoing covenants under this Section 8(e)(ii) shall be deemed continuing covenants for the benefit of Tenant and shall survive the expiration of the Lease but only to the extent that the causes giving rise to Landlord's obligations under this Section 8(e)(ii) occur before the expiration of this Lease.

9. Default/Remedies.

(a) **Tenant' s Default.** The occurrence of any one or more of the following shall constitute a default hereunder by Tenant:

(i) failure to pay Rent when due if the failure continues for five (5) days after written notice has been received by Tenant;

(ii) failure to perform any other provision of this Lease if such failure to perform is not cured within fifteen (15) days after written notice has been received by Tenant, provided that, if the default cannot reasonably be cured within fifteen (15) days, Tenant shall not be in default of this Lease if Tenant commences to cure the default within the fifteen (15) day period and diligently and in good faith continues to cure the default;

(iii) any proceeding is begun by or against Tenant to subject the assets of Tenant to any bankruptcy or insolvency law or for an appointment of a receiver of Tenant or of any of Tenant's assets and is not dismissed within ninety (90) days; or

(iv) Tenant makes a general assignment of Tenant's assets for the benefit of creditors.

Notices given under this Section shall specify the alleged default and the applicable Lease provision(s), and shall demand that Tenant perform the provisions of this Lease or pay the Base Rent or Monthly Additional Rent that is in arrears, as the case may be, within the applicable period of time.

(b) **Landlord' s Remedies.** In the event of any such default by Tenant, Landlord may at any time after expiration of the applicable cure period:

(i) terminate Tenant's right to possession of the Premises by any lawful means, in which case this Lease and the Term hereof shall terminate and Tenant shall surrender possession of the Premises to Landlord within a reasonably practical period of time thereafter. In such event, notwithstanding any such termination, Landlord shall be entitled to recover from Tenant all reasonable damages incurred by Landlord by reason of Tenant's default including, without limitation, Base Rent as contemplated by Section 9(b)(iv), the cost of recovering possession of the Premises; expenses of reletting, including reasonable and necessary renovation and alteration of the Premises, reasonable attorney's fees, and any real estate commission actually paid; and any other sum of money, late charges and damages owed by Tenant to Landlord;

(ii) maintain Tenant's right to possession in which case this Lease shall continue in effect. In such event Landlord shall be entitled to enforce all of Landlord's rights and remedies under this Lease, including the right to recover the Base Rent as it becomes due hereunder; or

(iii) pursue any other remedy now or hereafter available to Landlord under the laws or judicial decisions of the state where the Premises are located.

(iv) Notwithstanding the foregoing, in no event shall Landlord be entitled to damages in excess of the outstanding balance of Base Rent due and payable during the remainder of the then existing Term up to a maximum amount of six (6) months of Base Rent for the remainder of the Term.

(v) In the case of Tenant's default as contemplated herein, Landlord shall have a duty to mitigate its damages hereunder in good faith.

(c) **Tenant' s Remedies.** Should there be any breach of this Lease on the part of Landlord, in the event Landlord fails to cure the breach within thirty (30) days after Tenant gives Landlord written notice thereof or, if such breach cannot be reasonably cured within thirty (30) days, in the event Landlord fails to commence within thirty (30) days and thereafter diligently pursue to completion the cure of such breach, then Tenant in addition to its remedies at law or in equity, including, curing the breach and the reasonable cost thereof shall be payable from Landlord to Tenant upon demand, offsetting any amounts owed by Landlord against Rent due hereunder and terminating the Lease by written notice to the Landlord.

10. Utilities and Services. Tenant shall pay directly to the appropriate supplier, the cost of all natural gas, light, power, sewer, telephone, water, refuse disposal and other utilities and services supplied to the Premises.

11. Real Property Taxes. Landlord shall pay all real property taxes payable with respect to the Premises during the Term. Landlord shall compute, based upon the most recently available real estate tax billing information available, the annual amount of such real estate taxes and advise Tenant of the amount thereof. Tenant shall pay to Landlord as Monthly Additional Rent during the Term hereof with each monthly installment of rent an amount of money equal to one-twelfth (1/12) of the annual amount of real estate taxes as reasonably calculated by Landlord. When real estate tax bills are actually received, any adjustments between the Landlord's estimated amount and the actual real estate taxes shall be promptly computed, and if additional funds are owing by Tenant, such funds shall be paid by Tenant to Landlord within thirty (30) days of being advised of the amount thereof. If the amounts collected therefore are greater than the amounts required to be paid by Landlord, Landlord shall promptly so advise Tenant and such sum shall be treated as a credit against any sums which may then or hereafter become owing to Landlord hereunder.

12. Damage or Destruction. Should the Premises be damaged by fire or other casualty, the following shall result:

(a) Should the Premises be rendered wholly unfit for occupancy and not be (in the reasonable judgment of Landlord and Tenant) susceptible of repair within sixty (60) days after the date of such damage, this Lease, upon written notice from either party to the other, shall terminate as of the date of such damage, and Tenant shall pay Rent hereunder apportioned to the time of such damage and surrender the Premises to Landlord within a reasonably practical period of time thereafter;

(b) Should such damage to the Premises, however, be (in the reasonable judgment of Landlord and Tenant) susceptible of repair within sixty (60) days after such occurrence or this Lease is not terminated pursuant to Section 12(a), Landlord, at Landlord's sole cost and expense, shall enter and make repairs, without affecting this Lease, but the Rent hereunder shall be reduced or abated as shall be equitable while such repairs are being made.

Damage to the Building which affects Tenant's access to the Premises or Tenant's use of the Premises shall be treated as damage to the Premises pursuant to subparagraphs (a) and (b) above.

13. Condemnation.

(a) If all or any portion of the Premises are taken under the power of eminent domain or sold under the threat of that power (all of which are called "*Condemnation*"), this Lease shall terminate as to the part taken or sold on the date the condemning authority takes title or possession, whichever occurs first. If more than 25% of the floor area of the Building or 25% of Premises are taken, either Landlord or Tenant may terminate this Lease as of the date the condemning authority takes title or possession by delivering written notice to the other within ten (10) days after receipt of written notice of such taking (or in the absence of such notice, within ten (10) days after the condemning authority takes title or possession). If neither Landlord nor Tenant terminates this Lease, this Lease shall remain in effect as to the portion of the Premises not taken, except that the Rent shall be equitably reduced in proportion to the reduction in the floor area of the improvement taken.

(b) Any Condemnation award or payment shall be distributed in the following order: (i) first, to any mortgagee encumbering the Premises, the amount of its interest in the Premises; (ii) second, to Tenant, for moving expenses or relocation costs, cost of unamortized improvements made to the Premises, and the amount of any award specifically designated for loss or damage to Tenant's fixtures or removable personal property; and (iii) third, to Landlord, the remainder of such award, whether as compensation for reduction in the value of the leasehold, the taking of the fee, or otherwise.

(c) If this Lease is not terminated, Landlord shall repair any damage to the Premises caused by the Condemnation, except that Landlord shall not be obligated to repair any damage for which Tenant has been reimbursed by the condemning authority. If the severance damages received by Landlord are not sufficient to pay for such repair, Landlord shall have the right to either terminate this Lease or make such repair at Landlord's expense.

14. Hazardous Materials. The following terms shall have the meanings ascribed to them under this Paragraph:

(a) "*Hazardous Materials*" shall mean any chemical, substance, material or combination thereof which is or may be hazardous to human health or safety or to the environment due to its radioactivity, ignitability, infectiousness or other harmful or potentially harmful properties or effects, including petroleum and petroleum products, asbestos, radon, polychlorinated biphenyls ("*PCBs*") and all of those chemicals, substances, materials or combinations thereof that are listed, defined or regulated in any manner by any Environmental Law (defined below).

(b) "*Environmental Cleanup Work*" shall mean any cleanup, remediation, removal, construction, alteration, demolition, renovation or installation that is required in connection with Hazardous Materials installed, used, stored, handled or located on the Premises or disposed of from the Premises in order to comply with any Environmental Law.

(c) "*Environmental Law*" shall mean any federal, state or local environmental, health and/or safety-related law, and any related decision of the courts, ordinance, rule, regulation, code, order, directive, guideline, permit or permit condition.

Tenant agrees not to store any Hazardous Materials on the Premises and agrees not to release or discard any Hazardous Materials introduced onto the Premises by it; provided, however, Tenant may store, handle and use the following chemicals, substances or materials if they are used, stored, handled and disposed of in material compliance with Environmental Laws then in effect: (i) chemicals, substances or materials routinely used in office areas or in Tenant's business operations; and (ii) janitorial supplies, cleaning fluids or other chemicals, substances or materials reasonably necessary for the day-to-day operation or maintenance of the Premises by Tenant. Notwithstanding the foregoing, Landlord acknowledges that Tenant intends to use the Premises for the purposes of storing and selling appliance parts and related equipment and such use shall be permitted under this Section.

If Tenant knows, or has reasonable cause to believe, that any Hazardous Materials has come to be located in, on, under or about the Premises, other than as previously consented to by Landlord, Tenant shall immediately give Landlord written notice thereof, together with a copy of any statement, report, notice, registration, application, permit, business plan, license, claim, action, or proceeding given to, or received from, any governmental authority or private party concerning the presence, spill, release, discharge of, or exposure to, such Hazardous Materials.

Notwithstanding any other provision of this Lease, Tenant shall and hereby does agree to indemnify, protect, defend and hold harmless Landlord and its partners, directors, officers, employees, shareholders, agents, contractors and each of their respective successors and assigns from and against any and all costs, claims, judgments, damages, penalties, fines, taxes, costs, liabilities, losses and expenses arising at any time during or after the term of this Lease as a result of or in connection with the presence of any Hazardous Materials on the Premises which were introduced onto the Premises by Tenant.

Landlord hereby represents and warrants the following to Tenant:

(a) The Premises have not been used for the disposal of refuse or waste, or for the generation, processing, manufacture, storage, handling, treatment, release, discharge or disposal of any Hazardous Materials.

(b) The Premises are in compliance with all Environmental Laws.

(c) No (i) asbestos-containing materials, (ii) machinery, equipment or fixtures containing PCBs, (iii) storage tanks for gasoline or any other substance or (iv) urea formaldehyde foam insulation has been installed, used, stored, handled or located on, under or about the Premises.

(d) Landlord shall comply with, and shall pay all costs incurred in complying with, any Environmental Law in effect on the Commencement Date and the environmental state, condition and quality of the Premises, including the performance of and payment for any Environmental Cleanup Work and the preparation of any closure or other required plans.

Notwithstanding any other provision of this Lease, Landlord shall and hereby does agree to indemnify, protect, defend and hold harmless Tenant and its partners, directors, officers, employees, shareholders, agents, contractors and each of their respective successors and assigns from and against any and all claims, judgments, damages, penalties, fines, taxes, costs, liabilities, losses and expenses (including reasonable attorneys' fees) arising at any time during or after the term of this Lease as a result of or in connection with the presence of Hazardous Materials on, under or about the Premises at the Commencement Date of this Lease or which are not introduced onto the Premises by Tenant.

15. Notices. Whenever in this Lease it shall be required or permitted that notice or demand be given or served by either party to this Lease, such notice or demand shall be given or served in writing and sent to Landlord and Tenant at the addresses provided by the parties to each other. All such notices shall be sent by (i) certified or registered mail, return receipt requested, and shall be effective three (3) days after the date of mailing; (ii) Federal Express or similar overnight courier and shall be effective one (1) day after delivery to Federal Express or similar overnight courier; (iii) facsimile or electronic mail transmission and shall be effective on the date of transmission; or (iv) personal service and shall be effective on the same day as service. Any such address may be changed from time to time by either party serving notices as provided above.

16. Quiet Enjoyment. Landlord represents and warrants to Tenant that Landlord is solely vested with fee simple title to the Premises with full right and lawful authority to lease the Premises to Tenant pursuant to the terms hereof. Landlord covenants with Tenant to keep Tenant in quite enjoyment and possession of the Premises without disturbance from Landlord or any party claiming by, through, or under Landlord during the term of this Lease provided Tenant is not in default under this Lease beyond any applicable cure period.

17. Alterations and Trade Fixtures. Tenant shall have the right to make interior alterations to the Premises of a non-structural nature without Landlord's consent provided Tenant gives Landlord prior written notice of any material alterations and Tenant complies with all statutes, ordinances, codes, regulations, restrictive covenants, easements and other laws or legal requirements applicable to or affecting the Premises in connection therewith. Tenant may make structural changes only with Landlord's prior written consent.

Tenant shall have the right to remove any alterations, additions or improvements made by Tenant to the Premises and restore the Premises to the condition existing as of the Commencement Date, reasonable wear and tear, or casualty excepted. In the event Tenant elects not to remove its improvements they shall become the property of the Landlord at the expiration of the Lease term. Tenant shall have the right to remove its personal property, signs, trade fixtures, furnishings, telecommunications systems and all related equipment and components, data systems and all related equipment and components, network devices and all related equipment and components, machinery and other equipment used in the Premises and furnished by Tenant, except Tenant shall not be required to remove its telecommunications wiring or cabling.

Tenant retains the right to depreciation deductions of all such alterations, additions or improvements made at Tenant's expense.

18. Mechanic' s Liens. Tenant shall keep the Premises free from any liens arising out of any work performed, material furnished or obligation incurred by or for Tenant or any person or entity claiming through or under Tenant. In the event that Tenant shall not, within thirty (30) days following the imposition of any such lien, cause the same to be released of record by payment or posting of a bond, Landlord shall have the right, but not the obligation, to cause such lien to be released by such means as Landlord deems reasonably proper, including payment of the claim giving rise to such lien. All such reasonable sums paid and all reasonable expenses incurred by Landlord in connection therewith shall be due and payable to Landlord by Tenant within thirty (30) days of receipt of invoice, along with appropriate back-up documentation.

19. Landlord' s Right of Entry. Tenant agrees to permit Landlord, or its agents or representatives, to enter into and upon any part of the Premises upon the giving of three (3) days prior written notice to Tenant (except for an emergency, in which event such prior notice to Tenant shall not be required) and at all reasonable times to inspect the same, clean, make repairs, alterations or additions thereto.

20. Surrender of Premises. Upon the expiration or termination of this Lease, Tenant shall, at Tenant's expense, (i) remove Tenant's furniture and personal property, and (ii) quit and deliver up the Premises peaceably and quietly and otherwise in its "as is with all faults" condition. Any property left in the Premises after the expiration or termination of this Lease including, without limitation, generators, telephone and data wiring, shall be deemed to have been abandoned and the property of Landlord to dispose of as Landlord deems expedient.

21. Holding Over. Should Tenant continue to occupy the Premises after expiration of the Term without the express written consent of Landlord, Tenant shall become a tenant at sufferance only, at a rental rate equal to one hundred ten percent (110%) of the Base Rent in effect upon the date of such expiration and otherwise upon the terms and conditions herein specified. Acceptance by Landlord of Rent after such expiration shall not constitute a consent to holdover hereunder or result in a renewal.

22. Subordination. At the request of Landlord made in writing, Tenant will subordinate this Lease to all ground or underlying leases and to all mortgages and deeds of trust which may now or hereafter affect the Premises of which the Premises form a part, and to all renewals, modifications, consolidations, replacements and extensions thereof, provided that Tenant's right to quiet enjoyment and other rights under this Lease shall not be disturbed. Landlord shall provide and obtain for Tenant a subordination, non-disturbance and attornment agreement from the holder of any ground or underlying lease, mortgage or deed of trust whether affecting the Premises as of the Commencement Date or affecting the Premises after the Commencement Date of this Lease. Tenant shall from time to time upon request from Landlord execute and deliver any documents or instruments that may be reasonably required to effectuate such subordination, subject to review by Tenant's legal counsel.

23. **Attornment.** In the event the Premises are sold or transferred due to any foreclosure sale or sales, judicial proceedings, or voluntary conveyance in lieu of such foreclosure, or in the event the Premises are transferred by any mortgagee in a sale, exchange, or otherwise, this Lease shall continue in full force and effect, and Tenant agrees, upon request, to attorn to and acknowledge the foreclosure purchaser or purchasers at such sale, or other party succeeding to the interest of Landlord, as Landlord hereunder. This Lease will, upon request of any person owning or succeeding to the interest of Landlord, automatically become a direct lease between said owner or successor and Tenant, without change in the terms or the provisions of this Lease. Upon request by said owner or successor in interest, Tenant shall execute and deliver an instrument or instruments confirming such attornment.

If the successor Landlord requests such attornment, then so long as Tenant shall faithfully discharge the obligations on its part to be kept and performed under the terms of this Lease, Tenant's tenancy will not be disturbed nor this Lease affected by any default under any mortgage. Tenant agrees that this Lease shall remain in full force and effect even though default in the mortgage may occur.

24. **Estoppel Certificates.** Tenant agrees, from time to time, upon not less than thirty (30) days prior written request by Landlord, to deliver to Landlord a statement in writing certifying (a) that this Lease is unmodified and in full force and effect (or if there have been modifications that the same is in full force and effect as modified and identifying the modifications), (b) the date to which Base Rent and other charges have been paid, (c) the current Base Rent, (d) the date on which the Term commenced and ends, and the periods, if any, for which such Tenant has options to extend the Term, (e) that Tenant has accepted the Premises and is in possession, (f) that, so far as the person making the certification knows, Landlord is not in default under any provision of this Lease and, if Landlord is in default, specifying each such default of which the person making the certification may have actual knowledge, without inquiry, and (g) including such other information as the prospective purchaser, mortgagee or assignee may reasonably require.

25. **Signs.** Tenant shall have the right to install in compliance with all applicable laws, regulations, ordinances and codes, signage on the exterior of the Building and/or on any monument sign containing Tenant's name, logo, or other pertinent business information.

26. **General Conditions.**

(a) **Time of Essence.** Time is of the essence of each provision of this Lease.

(b) **Consent of Parties.** Whenever consent or approval of either party is required, that party shall not unreasonably withhold or delay such consent or approval.

(c) **Corporate Authority.** Tenant and Landlord each warrant and represent that the party signing this Lease on behalf of each has authority to enter into this Lease and to bind Tenant and Landlord, respectively, to the terms, covenants and conditions contained herein. Each party shall deliver to the other, upon request, all documents reasonably requested by the other evidencing such authority, including a copy of all corporate resolutions, consents or minutes reflecting the authority of persons or parties to enter into agreements on behalf of such party.

(d) **Successors.** This Lease shall be binding upon and inure to the benefit of the parties and their successors and/or assigns.

(e) **Real Estate Brokers; Finders.** Each party represents that it has not had dealings with any real estate broker, finder or other person with respect to this Lease in any manner. Each party shall hold harmless the other party from all damages resulting from any claims that may be asserted against the other party by any broker, finder or other person with whom the indemnifying party has or purportedly has dealt.

(f) **Interpretation of Lease.** This Lease shall be construed and interpreted in accordance with the laws of the state in which the Premises is located, without giving effect to the principles of conflicts of laws thereof.

(g) **Integrated Agreement; Modification.** This Lease contains all the agreements of the parties and cannot be amended or modified except by written agreement.

(h) **Severability.** The unenforceability, invalidity or illegality of any provision shall not render the other provisions unenforceable, invalid or illegal.

(i) **Attorneys' Fees.** In the event either party hereto initiates litigation or hires legal counsel to enforce or protect its rights under this Lease (including its rights of arbitration), the prevailing party shall be entitled to recover from the unsuccessful party, in addition to any other damages or relief awarded or obtained, all court costs, arbitration costs and reasonable fees (including attorneys' fees) in connection with such arbitration, litigation or action by legal counsel.

(j) **Recording.** Either Tenant or Landlord may record a memorandum of the basic terms of this Lease, including Tenant's purchase option.

(k) **Counterparts/Facsimile or Electronic Signature.** This Lease may be executed simultaneously in two or more counterparts each of which shall be deemed an original, but all of which shall constitute one and the same Lease. Landlord and Tenant agree that the delivery of an executed copy of this Lease by facsimile or electronic mail shall be legal and binding and shall have the same full force and effect as if an original executed copy of this Lease had been delivered.

[SIGNATURES APPEAR ON NEXT PAGE]

IN WITNESS WHEREOF, the respective parties hereto have executed this Lease or caused this Lease to be executed by their duly authorized representatives the day and year set forth in Section 1.

LANDLORD:	**TENANT:**
Future Property Limited	Wewards, Inc., a Nevada corporation
/s/ *Haichao Di*	/s/ *Lei Pei*
By: Haichao Di	By: Lei Pei

EXHIBIT 31.1

CERTIFICATIONS PURSUANT TO
RULE 13A-14(A) OR RULE 15D-14(A),
AS ADOPTED PURSUANT TO
RULE 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Lei Pei, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Wewards, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant' s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant' s internal control over financial reporting that occurred during the registrant' s most recent fiscal quarter (the registrant' s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant' s internal control over financial reporting;

5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant' s auditors and the audit committee of the registrant' s board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant' s ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant' s internal control over financial reporting.

/s/ Lei Pei
Lei Pei
Chief Executive Officer and Chief Financial Officer

Dated: October 9, 2020

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Wewards, Inc. (the "Company") on Form 10-Q for the period ending August 31, 2020 (the "Report") I, Lei Pei, Chief Executive Officer and Principal Financial Officer of the Company, certify, pursuant to 18 USC Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge and belief:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. Information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 9, 2020

/s/ Lei Pei
Name: Lei Pei
Title: Chief Executive Officer and Principal Financial Officer

Document and Entity Information - shares	3 Months Ended Aug. 31, 2020	Oct. 09, 2020
F&L Galaxy, Inc. [Member]		
Entity Registrant Name	WEWARDS, INC.	
Entity Central Index Key	0001616156	
Document Type	10-Q	
Document Period End Date	Aug. 31, 2020	
Amendment Flag	false	
Current Fiscal Year End Date	--05-31	
Entity Filer Category	Non-accelerated Filer	
Entity Small Business	true	
Entity Emerging Growth Company	false	
Entity Common Stock, Shares Outstanding		107,483,450
Document Fiscal Period Focus	Q1	
Document Fiscal Year Focus	2021	
Entity Interactive Data Current	Yes	
Entity Incorporation State Code	NV	
Entity File Number	000-55957	
Is Entity's Reporting Status Current?	Yes	
Entity Shell Company	false	

CONDENSED BALANCE SHEETS - USD ($)	Aug. 31, 2020	May 31, 2020
Current assets:		
Cash	$ 3,969,649	$ 4,017,107
Total current assets	3,969,649	4,017,107
Right of use asset	406,633	443,014
Total assets	4,376,282	4,460,121
Current liabilities:		
Accounts payable	3,695	325
Accounts payable, related party	15,006	15,006
Accrued interest, related parties	1,551,796	1,419,467
Deferred revenues, related party	23,336	5,834
Current maturities of operating lease obligation, related party	152,999	149,979
Total current liabilities	1,746,832	1,590,611
Long term liabilities:		
Operating lease obligation, related party	253,634	293,035
Convertible notes payable, related party	10,500,000	10,500,000
Total liabilities	12,500,466	12,383,646
Commitments and contingencies		
Stockholders' equity (deficit):		
Preferred stock, $0.001 par value, 50,000,000 shares authorized, no shares issued and outstanding		
Common stock, $0.001 par value, 500,000,000 shares authorized, 107,483,450 issued and outstanding	107,483	107,483
Additional paid in capital	5,161,532	5,161,532
Accumulated deficit	(13,393,199)	(13,192,540)
Total stockholders' equity (deficit)	(8,124,184)	(7,923,525)
Total liabilities and stockholders' equity (deficit)	$ 4,376,282	$ 4,460,121

CONDENSED BALANCE SHEETS (Parenthetical) - $ / shares	Aug. 31, 2020	May 31, 2020
Statement of Financial Position [Abstract]		
Preferred stock, par value	$ 0.001	$ 0.001
Preferred stock, shares authorized	50,000,000	50,000,000
Preferred stock, share issued	0	0
Preferred stock, outstanding	0	0
Common stock, par value	$ 0.001	$ 0.001
Common stock, shares authorized	500,000,000	500,000,000
Common stock, shares issued	107,483,450	107,483,450
Common stock, shares outstanding	107,483,450	107,483,450

CONDENSED STATEMENTS OF OPERATIONS - USD ($)	3 Months Ended	
	Aug. 31, 2020	Aug. 31, 2019
Income Statement [Abstract]		
Revenue, related party	$ 12,498	
Operating expenses:		
General and administrative	3,908	2,028
Rent expense, related party	45,000	45,000
Professional fees	39,745	189,675
Total operating expenses	88,653	236,703
Operating loss	(76,155)	(236,703)
Other income (expense):		
Interest expense, related party	(132,329)	(134,727)
Interest income	7,825	21,754
Total other income (expense)	(124,504)	(112,973)
Net loss	$ (200,659)	$ (349,676)
Weighted average number of common shares outstanding - basic and fully diluted	107,483,450	107,483,450
Net loss per share - basic and fully diluted	$ 0.00	$ 0.00

CONDENSED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY - USD ($)	Preferred Stock	Common Stock [Member]	Additional Paid In Capital [Member]	Accumulated Deficit [Member]	Total
Beginning balance at May. 31, 2019		$ 107,483	$ 5,083,348	$ (12,295,159)	$ (7,104,328)
Beginning balance, shares at May. 31, 2019		107,483,450			
Net loss				(349,676)	(349,676)
Ending balance at Aug. 31, 2019		$ 107,483	5,083,348	(12,644,835)	(7,454,004)
Ending balance, shares at Aug. 31, 2019		107,483,450			
Beginning balance at May. 31, 2020		$ 107,483	5,161,532	(13,192,540)	$ (7,923,525)
Beginning balance, shares at May. 31, 2020		107,483,450			107,483,450
Net loss				(200,659)	$ (200,659)
Ending balance at Aug. 31, 2020		$ 107,483	$ 5,161,532	$ (13,393,199)	$ (8,124,184)
Ending balance, shares at Aug. 31, 2020		107,483,450			107,483,450

CONDENSED STATEMENTS OF CASH FLOWS - USD ($)	3 Months Ended	
	Aug. 31, 2020	Aug. 31, 2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (200,659)	$ (349,676)
Decrease (increase) in assets:		
Prepaid expenses		25,000
Right-of-use asset	36,381	
Increase (decrease) in liabilities:		
Accounts payable	3,370	(229)
Accrued interest, related party	132,329	134,726
Deferred revenue, related party	17,502	
Operating lease obligation, related party	(36,381)	
Net cash used in operating activities	(47,458)	(190,179)
NET CHANGE IN CASH	(47,458)	(190,179)
CASH AT BEGINNING OF PERIOD	4,017,107	4,508,397
CASH AT END OF PERIOD	3,969,649	4,318,218
SUPPLEMENTAL INFORMATION:		
Interest paid		
Income taxes paid		

ORGANIZATION, BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES	3 Months Ended
	Aug. 31, 2020
Accounting Policies [Abstract]	
ORGANIZATION, BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES	**NOTE 1 – ORGANIZATION, BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES**

Organization

Wewards, Inc. ("Wewards" or "the Company") was incorporated in the state of Nevada on September 10, 2013 as Betafox Corp., with the initial intent to manufacture and sell color candles. On April 26, 2015, Giorgos Kallides (the "Seller"), entered into an agreement with Future Continental Limited ("Purchaser"), pursuant to which, on May 11, 2015, the Seller sold to Purchaser six million (6,000,000) shares of common stock of the Company (the "Shares") owned by the Seller, constituting approximately 73.8% of the Company' s 8,130,000 issued and outstanding common shares at such time, for $340,000. In October 2015, the Purchaser sold the 6,000,000 Shares to Mr. Lei Pei, an affiliate of the Purchaser, in consideration of Mr. Pei' s agreement to serve as our director and CEO. On January 8, 2018, by consent of Lei Pei as the Company' s principal shareholder, the Company changed its name to Wewards, Inc. The Company' s corporate office is located in Las Vegas, Nevada.

The Company has developed and is the owner of a web-based platform accessible by mobile apps (the "Platform") that will enable consumers to purchase goods from merchants and earn rebates payable in the form of Bitcoin. The Platform provides an innovative Bitcoin rewards ecosystem. It is designed to transform traditional concepts of commerce into a cooperative society where both merchants and consumers are collaborating, utilizing Bitcoin to reward consumers. The ecosystem provides consumers with rewards each time they complete a challenge defined by a merchant. This is intended to make the ecommerce process beneficial to all market participants, and to help distribute commercial wealth among and between the merchants and consumers. The Company intends to generate revenue by licensing "white-label" versions of the Platform to third parties. However, to date, no such license agreement has been entered into, and the Company has not generated any revenues.

Basis of Presentation

The unaudited condensed financial statements of the Company and the accompanying notes included in this Quarterly Report on Form 10-Q are unaudited. In the opinion of management, all adjustments necessary for a fair presentation of the Condensed Financial Statements have been included. Such adjustments are of a normal, recurring nature. The Condensed Financial Statements, and the accompanying notes, are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and do not contain certain information included in the Company' s Annual Report on Form 10-K for the fiscal year ended May 31, 2020. The interim

Condensed Financial Statements should be read in conjunction with that Annual Report on Form 10-K. Results for the interim periods presented are not necessarily indicative of the results that might be expected for the entire fiscal year.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentrations of Credit Risk

The Company maintains our cash in bank deposit accounts, the balances of which at times may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 under current regulations. The Company had approximately $3,506,853 and $3,768,042 in excess of FDIC insured limits at August 31, 2020 and May 31, 2020, respectively. The Company has not experienced any losses in such accounts.

Reclassifications

In the current period, the Company separately classified professional fees from general and administrative expenses in the Condensed Statement of Operations. For comparative purposes, amounts in the prior period have been reclassified to conform to the current period presentation. These reclassifications had no effect on previously reported results of operations.

Fair Value of Financial Instruments

Under FASB ASC 820-10-05, the Financial Accounting Standards Board establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. This Statement reaffirms that fair value is the relevant measurement attribute. The adoption of this standard did not have a material effect on the Company’ s financial statements as reflected herein. The carrying amounts of cash, accounts payable and accrued expenses reported on the balance sheets are estimated by management to approximate fair value primarily due to the short-term nature of the instruments. The Company had no items that required fair value measurement on a recurring basis.

Software Development Costs

The Company expenses software development costs, including costs to develop software products or the software component of products to be sold, leased, or marketed to external users, before technological feasibility is reached. Technological feasibility is typically reached shortly before the release of such products. Software development costs also include costs to develop software to be used solely to meet internal needs and cloud-based applications used to deliver our services. The Company capitalizes development costs related to these software applications once the preliminary project stage is complete and it is probable that the project will be completed, and the software will be used to perform the function intended. Capitalization ends, and amortization begins when the product is available for general release to customers.

Impairment of Intangible Assets

The Company reviews intangible assets for impairment when events or changes in circumstances indicate the carrying amount may not be recoverable. The Company measures recoverability of these assets by comparing the carrying amounts to the future undiscounted cash flows that the assets or the asset group are expected to generate. If the carrying value of the assets are not recoverable, the impairment recognized is measured as the amount by which the carrying value of the asset exceeds its fair value.

Convertible Instruments

The Company evaluates its convertible instruments, options, warrants or other contracts to determine if those contracts or embedded components of those contracts qualify as derivatives to be separately accounted for under ASC Topic 815, "Derivatives and Hedging." The result of this accounting treatment is that the fair value of the derivative is marked-to-market each balance sheet date and recorded as a liability. In the event that the fair value is recorded as a liability, the change in fair value is recorded in the statement of operations as other income (expense). Upon conversion or exercise of a derivative instrument, the instrument is marked to fair value at the conversion date and then that fair value is reclassified to equity. Equity instruments that are initially classified as equity that become subject to reclassification under ASC Topic 815 are reclassified to liabilities at the fair value of the instrument on the reclassification date. We analyzed the derivative financial instruments (the Convertible Notes), in accordance with ASC 815. The objective is to provide guidance for determining whether an equity-linked financial instrument is indexed to an entity' s own stock. This determination is needed for a scope exception which would enable a derivative instrument to be accounted for under the accrual method. The classification of a non-derivative instrument that falls within the scope of ASC 815-40-05 "Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company' s Own Stock" also hinges on whether the instrument is indexed to an entity' s own stock. A non-derivative instrument that is not indexed to an entity' s own stock cannot be classified as equity and must be accounted for as a liability. There is a two-step approach in determining whether an instrument or embedded feature is indexed to an entity' s own stock. First, the instrument's contingent exercise provisions, if any, must be evaluated, followed by an evaluation of the instrument's settlement provisions. The Company utilized multinomial lattice models that value the derivative liability within the notes based on a probability weighted discounted cash flow model. The Company utilized the fair value standard set forth by the Financial Accounting Standards Board, defined as the amount at which the assets (or liability) could be bought (or incurred) or sold (or settled) in a current transaction between willing parties, that is, other than in a forced or liquidation sale.

Revenue Recognition

Effective June 1, 2019, the Company adopted ASC 606 − Revenue from Contracts with Customers. Under ASC 606, the Company recognizes revenue from the licensing of our software by applying the following steps: (1) identify the contract with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to each performance obligation in the contract; and (5) recognize revenue when each performance obligation is satisfied.

There was no impact on the Company' s financial statements from the adoption of ASC 606 for the three months ended August 31, 2020 or the year ended May 31, 2020.

We derive revenue principally from licensing our intellectual property, including our game, and related extra content and services that can be utilized by players of our game. Our product and service offerings include, but are not limited to, licensing to third parties ("software license") to distribute and host our games and content ("Online-Hosted Service Games").

We evaluate and recognize revenue by:

- identifying the contract(s) with the customer;
- identifying the performance obligations in the contract;
- determining the transaction price;
- allocating the transaction price to performance obligations in the contract; and
- recognizing revenue as each performance obligation is satisfied through the transfer of a promised good or service to a customer (i.e., "transfer of control").

Online-Hosted Service Games. Sales of our Online-Hosted Service Games are determined to have one distinct performance obligation: the online hosting. We recognize revenue from these arrangements as the service is provided through our licensing agreement(s).

Licensing Revenue

We utilize third-party licensees to distribute and host our games and content in accordance with license agreements, for which the licensees typically pay us a fixed minimum guarantee and/or sales-based royalties. These arrangements typically include multiple performance obligations, such as a time-based license of software and future update rights. We recognize as revenue a portion of the minimum guarantee when we transfer control of the license of software (generally upon commercial launch) and the remaining portion ratably over the contractual term in which we provide the licensee with future update rights. Any sales-based royalties are generally recognized as the related sales occur by the licensee.

Significant Judgments around Revenue Arrangements

Identifying performance obligations. Performance obligations promised in a contract are identified based on the goods and services that will be transferred to the customer that are both capable of being distinct, (i.e., the customer can benefit from the goods or services either on its own or together with other resources that are readily available), and are distinct in the context of the contract (i.e., it is separately identifiable from other goods or services in the contract). To the extent a contract includes multiple promises, we must apply judgment to determine whether those promises are separate and distinct performance obligations. If these criteria are not met, the promises are accounted for as a combined performance obligation.

Determining the transaction price. The transaction price is determined based on the consideration that we will be entitled to receive in exchange for transferring our goods and services to the customer. Determining the transaction price often requires judgment, based on an assessment of contractual terms and business practices. It further includes review of variable consideration such as discounts, sales returns, price protection, and rebates, which is estimated at the time of the transaction. In addition, the transaction price does not include an estimate of the variable consideration related to sales-based royalties. Sales-based royalties are recognized as the sales occur.

Allocating the transaction price. Allocating the transaction price requires that we determine an estimate of the relative stand-alone selling price for each distinct performance obligation. Determining the relative stand-alone selling price is inherently subjective, especially in situations where we do not sell the performance obligation on a stand-alone basis (which occurs in the majority of our transactions). In those situations, we determine the relative stand-alone selling price based on various observable inputs using all information that is reasonably available. Examples of observable inputs and information include: historical internal pricing data, cost plus margin analyses, third-party external pricing of similar or same products and services such as software licenses and maintenance support within the enterprise software industry. The results of our analysis resulted in a specific percentage of the transaction price being allocated to each performance obligation.

Determining the Estimated Offering Period. The offering period is the period in which we offer to provide the future update rights and/or online hosting for the game. Because the offering period is not an explicitly defined period, we must make an estimate of the offering period for the service-related performance obligations (i.e., future update rights and online hosting). Determining the Estimated Offering Period is inherently subjective and is subject to regular revision. Generally, we consider the specified contract period of our software licenses and therefore, the offering period is estimated to be over the term of the license. We recognize revenue for future update rights and online hosting performance obligations ratably on a straight-line basis over this period as there is a consistent pattern of delivery for these performance obligations.

Stock-Based Compensation

The Company accounts for equity instruments issued to employees in accordance with the provisions of ASC 718 Stock Compensation (ASC 718) and Equity-Based Payments to Non-employees pursuant to ASC 2018-07 (ASC 2018-07). All transactions in which goods or services are the consideration received for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable. The measurement date of the fair value of the equity instrument issued is the earlier of the date on which the counterparty's performance is complete or the date at which a commitment for performance by the counterparty to earn the equity instruments is reached because of sufficiently large disincentives for nonperformance.

Basic and Diluted Loss Per Share

Basic earnings per share ("EPS") are computed by dividing net income (the numerator) by the weighted average number of common shares outstanding for the period (the denominator). Diluted EPS is computed by dividing net income by the weighted average number of common shares and potential common shares outstanding (if dilutive) during each period. Potential common shares include stock options, warrants and restricted stock. The number of potential common shares outstanding relating to stock options, warrants and restricted stock is computed using the treasury stock method. For the periods presented, potential dilutive securities had an anti-dilutive effect and were not included in the calculation of diluted net loss per common share.

Income Taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. A valuation allowance is provided for significant deferred tax assets when it is more likely than not, that such asset will not be recovered through future operations.

Uncertain Tax Positions

In accordance with ASC 740, "Income Taxes" ("ASC 740"), the Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be capable of withstanding examination by the taxing authorities based on the technical merits of the position. These standards prescribe a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. These standards also provide guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition.

Various taxing authorities may periodically audit the Company' s income tax returns. These audits include questions regarding the Company' s tax filing positions, including the timing and amount of deductions and the allocation of income to various tax jurisdictions. In evaluating the exposures connected with various tax filing positions, including state and local taxes, the Company records allowances for probable exposures. A number of years may elapse before a particular matter, for which an allowance has been established, is audited and fully resolved. The Company has not yet undergone an examination by any taxing authorities.

The assessment of the Company' s tax position relies on the judgment of management to estimate the exposures associated with the Company' s various filing positions.

Recently Adopted Accounting Standards

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. ASU 2016-02 requires lessees to recognize assets and liabilities for most leases. ASU 2016-02 is effective for public entity financial statements for annual periods beginning after December 15, 2018, and interim periods within those annual periods. Early adoption is permitted, including adoption in an interim period. ASU 2016-02 was further clarified and amended within ASU 2018-01, ASU 2018-10, ASU 2018-11 and ASU 2018-20 which included provisions that would provide us with the option to adopt the provisions of the new guidance using a modified retrospective transition approach, without adjusting the comparative periods presented. We adopted the new standard on May 31, 2019 and used the effective date as our date of initial application under the modified retrospective approach. We elected the short-term lease recognition exemption for all of our leases that qualify. This means, for those leases we will not recognize right-of-use (RoU) assets or lease liabilities. The implementation of this new standard did not have a material impact on our financial statements, other than the presentation of a right of use asset and an operating lease obligation liability on the balance sheet in an equal amount.

No other new accounting pronouncements, issued or effective during the period ended August 31, 2020, have had or are expected to have a significant impact on the Company' s financial statements.

RELATED PARTIES	3 Months Ended Aug. 31, 2020
Related Party Transactions [Abstract]	
RELATED PARTIES	**NOTE 2 – RELATED PARTIES** Accounts Payable, Related Party The Company owed United Power, Inc. ("United Power") $15,006 for unpaid rent and utilities as of August 31, 2020 and May 31, 2020. As disclosed in Note 6, below, the Company subleases office space from United Power, an affiliate of the Company by reason of common ownership with Lei Pei, the Company' s sole officer and director and majority shareholder, at a base monthly rent of $15,000. The building is owned by Future Property Limited. See also Notes 4 and 5, below, for additional related party transactions.

FAIR VALUE OF FINANCIAL INSTRUMENTS	3 Months Ended Aug. 31, 2020
Fair Value Disclosures [Abstract]	
FAIR VALUE OF FINANCIAL INSTRUMENTS	

NOTE 3 – FAIR VALUE OF FINANCIAL INSTRUMENTS

Under FASB ASC 820-10-5, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). The standard outlines a valuation framework and creates a fair value hierarchy in order to increase the consistency and comparability of fair value measurements and the related disclosures. Under GAAP, certain assets and liabilities must be measured at fair value, and FASB ASC 820-10-50 details the disclosures that are required for items measured at fair value.

The Company has certain financial instruments that must be measured under the new fair value standard. The Company' s financial assets and liabilities are measured using inputs from the three levels of the fair value hierarchy. The three levels are as follows:

> Level 1 - Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.
>
> Level 2 - Inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (e.g., interest rates, yield curves, etc.), and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs).
>
> Level 3 - Unobservable inputs that reflect our assumptions about the assumptions that market participants would use in pricing the asset or liability.

The following schedule summarizes the valuation of financial instruments at fair value on a recurring basis in the balance sheets as of August 31, 2020 and May 31, 2020, respectively:

	Fair Value Measurements at August 31, 2020		
	Level 1	**Level 2**	**Level 3**
Assets			
Cash	$ 3,969,649	$ –	$ –
Total assets	3,969,649	–	–
Liabilities			
Convertible notes payable, related party	–	–	10,500,000
Total liabilities	–	–	10,500,000
	$ 3,969,649	$ –	$ (10,500,000)

	Fair Value Measurements at May 31, 2020		
	Level 1	Level 2	Level 3
Assets			
Cash	$ 4,017,107	$ –	$ –
Total assets	4,017,107	–	–
Liabilities			
Convertible notes payable, related party	–	–	10,500,000
Total liabilities	–	–	10,500,000
	$ 4,017,107	$ –	$ (10,500,000)

There were no transfers of financial assets or liabilities between Level 1, Level 2 and Level 3 inputs for the period ended August 31, 2020 or the year ended May 31, 2020.

INTANGIBLE ASSETS	3 Months Ended Aug. 31, 2020
Goodwill and Intangible Assets Disclosure [Abstract]	
INTANGIBLE ASSETS	**NOTE 4 – INTANGIBLE ASSETS** On April 2, 2020, the Company purchased intellectual property rights ("IP") from United Power, a Nevada corporation under common ownership with Lei Pei, the Company's sole officer and director and majority shareholder, for cash consideration of $179,300, based on a price determined by an independent valuation. The IP consists of technology and related rights associated with the game Megopoly, an MMO (Massively Multiplayer Online Game). Because United Power is a related party, the acquisition did not result in a stepped-up basis in the IP, and the full purchase price of $179,300 was treated as an equity contribution during the year ended May 31, 2020.

CONVERTIBLE NOTES PAYABLE, RELATED PARTY	3 Months Ended
	Aug. 31, 2020
Debt Disclosure [Abstract]	
CONVERTIBLE NOTES PAYABLE, RELATED PARTY	(see below)

NOTE 5 – CONVERTIBLE NOTES PAYABLE, RELATED PARTY

Convertible notes payable, related party consists of the following at August 31, 2020 and May 31, 2020, respectively:

	August 31, 2020	May 31, 2020
On February 26, 2017, Sky Rover Holdings, Ltd ("Sky Rover), which is owned and controlled by Mr. Pei, agreed to loan up $20,000,000 to the Company, of which $8,000,000 was loaned on February 28, 2017. Sky Rover was issued an unsecured, 5%, convertible promissory note which, as amended, is due on February 28, 2022, and is, in whole or in part, at the option of the holder, convertible into common shares at any time before the due date, at a conversion price of $0.08 per share (subject to adjustment in the event of stock splits, forward splits, recapitalizations, a merger, etc.). At the option of the Company, the interest may also be paid by issuing restricted shares of common stock, at the same conversion price per share. On June 26, 2018, the Company repaid $4,000,000 of principal of this loan. In addition, Sky Rover converted $1,500,000 of principal of this loan into common shares at the conversion price of $0.08 per share into a total of 18,750,000 shares. Sky Rover waived accrued and unpaid interest of $363,904, which was credited to additional paid in capital. As of August 31, 2020, there is $439,467 of accrued interest due on this loan.	$ 2,500,000	$ 2,500,000
On November 20, 2017, Sky Rover loaned an additional $8,000,000 to the Company. Sky Rover was issued an unsecured, 5%, convertible promissory note which, as amended, is due on November 20, 2022, and is, in whole or in part, at the option of the holder, convertible into common shares at any time before the due date, at a conversion price of $0.08 per share (subject to adjustment in the event of stock splits, forward splits, recapitalizations, a merger, etc.). At the option of the Company, the interest may also be paid by issuing restricted shares of common stock, at the same conversion price per share. As of August 31, 2020, there is $1,112,329 of accrued interest on this loan.	8,000,000	8,000,000
Total convertible notes payable, related party	10,500,000	10,500,000
Less: current portion	–	–
Convertible notes payable, related party, less current portion	$ 10,500,000	$ 10,500,000

If Sky Rover converts the remaining $10,500,000 in principal of the Convertible Notes at the present conversion price of $0.08 per share into 131,250,000 shares, those shares, plus the approximate 101,353,450 shares Mr. Pei currently owns, would give him beneficial ownership of 232,603,450 shares of the Company' s

238,733,450 then-issued and outstanding shares (assuming that no other shares are issued prior to conversion), which would approximate 97.4% of the then-outstanding shares.

The Company recognized interest expense for the three months ended August 31, 2020 and 2019, respectively, as follows:

	August 31, 2020	August 31, 2019
Interest on due to related parties	$ –	$ 2,398
Interest on convertible notes, related party	132,329	132,329
Total interest expense	$ 132,329	$ 134,727

COMMITMENTS AND CONTINGENCIES - LEASE	3 Months Ended
	Aug. 31, 2020
Commitments and Contingencies Disclosure [Abstract]	
COMMITMENTS AND CONTINGENCIES - LEASE	

NOTE 6 – COMMITMENTS AND CONTINGENCIES - LEASE

On March 1, 2018, the Company began occupying its current corporate headquarters at 2960 West Sahara Avenue, Las Vegas, NV 89102, under a five-year sublease with United Power, an affiliate of the Company by reason of common ownership with Lei Pei. The sublease provides for base monthly rent of $15,000, plus increases of up to 3% each year based on increases, if any, of the Consumer Price Index. The building is owned by Future Property Limited. Future Property Limited entered into a lease with United Power, and the Company then sublet the space from United Power. The Company is occupying the space for executive and administrative offices. Rent expense for the three months ended August 31, 2020 and 2019 was $45,000. The Company has accounted for the lease under ASC 842, as follows:

The components of lease expense were as follows:

	For the Three Months Ended August 31, 2020
Operating lease cost:	
Amortization of assets	$ 36,381
Interest on lease liabilities	8,619
Total operating lease cost	$ 45,000

Supplemental balance sheet information related to leases was as follows:

	August 31, 2020
Operating lease:	
Operating lease assets	$ 406,633
Current portion of operating lease obligation	$ 152,999
Noncurrent operating lease obligation	253,634
Total operating lease obligation	$ 406,633
Weighted average remaining lease term:	
Operating leases	2.5 years
Weighted average discount rate:	
Operating lease	8.00%

Supplemental cash flow and other information related to operating leases was as follows:

	For the Three Months Ended August 31, 2020
Cash paid for amounts included in the measurement of lease liabilities:	

Operating cash flows used for operating leases	$ 45,000

Future minimum annual lease payments required under the operating lease and the present value of the net minimum lease payments are as follows at August 31, 2020:

For the Fiscal Year Ended May 31:	Minimum Lease Commitments
2021*	$ 135,000
2022	180,000
2023	135,000
Total payments	$ 450,000
Amount representing interest	$ (43,367)
Lease obligation, net	406,633
Less current portion	(152,999)
Lease obligation - long term	$ 253,634

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* Liability pertains to the remaining nine-month period from September 1, 2020 through May 31, 2021.

CHANGES IN STOCKHOLDERS' EQUITY	3 Months Ended
	Aug. 31, 2020
Equity [Abstract]	
CHANGES IN STOCKHOLDERS' EQUITY	**NOTE 7 – CHANGES IN STOCKHOLDERS' EQUITY** Preferred Stock The Company has authorized preferred stock of 50,000,000 shares, par value $0.001 per share. The voting powers, conversion features, if any, designations, preferences, limitations, restrictions and other rights of the preferred stock shall be prescribed by resolution of the Board of Directors at the time a specific series of preferred stock is designated. None of the preferred shares have been issued as of the date of this Report. Common Stock The Company has 500,000,000 authorized shares of $0.001 par value Common Stock, and had 107,483,450 shares issued and outstanding as of August 31, 2020.

INCOME TAX	3 Months Ended Aug. 31, 2020
Income Tax Disclosure [Abstract]	
INCOME TAX	**NOTE 8 - INCOME TAX** The Company accounts for income taxes under FASB ASC 740-10, which requires use of the liability method. FASB ASC 740-10-25 provides that deferred tax assets and liabilities are recorded based on the differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, referred to as temporary differences. For the three months ended August 31, 2020 and the year ended May 31, 2020, the Company incurred a net operating loss and, accordingly, no provision for income taxes has been recorded. In addition, no benefit for income taxes has been recorded due to the uncertainty of the realization of any tax assets. At August 31, 2020, the Company had approximately $5,858,000 of federal net operating losses. The net operating loss carry forwards, if not utilized, will begin to expire in 2034. Based on the available objective evidence, including the Company' s history of losses, management believes it is more likely than not that the net deferred tax assets will not be fully realizable. Accordingly, the Company provided for a full valuation allowance against its net deferred tax assets at both August 31, 2020 and May 31, 2020. In accordance with FASB ASC 740, the Company has evaluated its tax positions and determined there are no uncertain tax positions.

SUBSEQUENT EVENTS	3 Months Ended Aug. 31, 2020
Subsequent Events [Abstract]	
SUBSEQUENT EVENTS	**NOTE 9 - SUBSEQUENT EVENTS** On September 1, 2020, the Company terminated its sublease agreement with United Power and entered into a new lease agreement with the owner of the building, Future Property Limited, under substantially the same terms as the sublease agreement. The new lease requires monthly lease payments of $15,000 for the following two and a half years.

ORGANIZATION, BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Policies)	3 Months Ended
	Aug. 31, 2020
Accounting Policies [Abstract]	
Basis of Presentation	Basis of Presentation The unaudited condensed financial statements of the Company and the accompanying notes included in this Quarterly Report on Form 10-Q are unaudited. In the opinion of management, all adjustments necessary for a fair presentation of the Condensed Financial Statements have been included. Such adjustments are of a normal, recurring nature. The Condensed Financial Statements, and the accompanying notes, are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and do not contain certain information included in the Company' s Annual Report on Form 10-K for the fiscal year ended May 31, 2020. The interim Condensed Financial Statements should be read in conjunction with that Annual Report on Form 10-K. Results for the interim periods presented are not necessarily indicative of the results that might be expected for the entire fiscal year.
Use of Estimates	Use of Estimates The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.
Concentrations of Credit Risk	Concentrations of Credit Risk The Company maintains our cash in bank deposit accounts, the balances of which at times may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 under current regulations. The Company had approximately $3,506,853 and $3,768,042 in excess of FDIC insured limits at August 31, 2020 and May 31, 2020, respectively. The Company has not experienced any losses in such accounts.
Reclassifications	Reclassifications In the current period, the Company separately classified professional fees from general and administrative expenses in the Condensed Statement of Operations. For comparative purposes, amounts in the prior period have been reclassified to conform to the current period presentation. These reclassifications had no effect on previously reported results of operations.
Fair Value of Financial Instruments	Fair Value of Financial Instruments Under FASB ASC 820-10-05, the Financial Accounting Standards Board establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. This Statement reaffirms that fair value is the relevant measurement attribute. The adoption of this standard did not have a material effect on the Company' s financial statements as reflected herein. The carrying amounts of cash, accounts payable and accrued

expenses reported on the balance sheets are estimated by management to approximate fair value primarily due to the short-term nature of the instruments. The Company had no items that required fair value measurement on a recurring basis.

Software Development costs

Software Development Costs

The Company expenses software development costs, including costs to develop software products or the software component of products to be sold, leased, or marketed to external users, before technological feasibility is reached. Technological feasibility is typically reached shortly before the release of such products. Software development costs also include costs to develop software to be used solely to meet internal needs and cloud-based applications used to deliver our services. The Company capitalizes development costs related to these software applications once the preliminary project stage is complete and it is probable that the project will be completed, and the software will be used to perform the function intended. Capitalization ends, and amortization begins when the product is available for general release to customers.

Impairment of Intangible Assets

Impairment of Intangible Assets

The Company reviews intangible assets for impairment when events or changes in circumstances indicate the carrying amount may not be recoverable. The Company measures recoverability of these assets by comparing the carrying amounts to the future undiscounted cash flows that the assets or the asset group are expected to generate. If the carrying value of the assets are not recoverable, the impairment recognized is measured as the amount by which the carrying value of the asset exceeds its fair value.

Convertible Instruments

Convertible Instruments

The Company evaluates its convertible instruments, options, warrants or other contracts to determine if those contracts or embedded components of those contracts qualify as derivatives to be separately accounted for under ASC Topic 815, "Derivatives and Hedging." The result of this accounting treatment is that the fair value of the derivative is marked-to-market each balance sheet date and recorded as a liability. In the event that the fair value is recorded as a liability, the change in fair value is recorded in the statement of operations as other income (expense). Upon conversion or exercise of a derivative instrument, the instrument is marked to fair value at the conversion date and then that fair value is reclassified to equity. Equity instruments that are initially classified as equity that become subject to reclassification under ASC Topic 815 are reclassified to liabilities at the fair value of the instrument on the reclassification date. We analyzed the derivative financial instruments (the Convertible Notes), in accordance with ASC 815. The objective is to provide guidance for determining whether an equity-linked financial instrument is indexed to an entity' s own stock. This determination is needed for a scope exception which would enable a derivative instrument to be accounted for under the accrual method. The classification of a non-derivative instrument that falls within the scope of ASC 815-40-05 "Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company' s Own Stock" also hinges on whether the instrument is indexed to an entity' s own stock. A non-derivative instrument that is not indexed to an entity' s own stock cannot be classified as equity and must be accounted for as a liability. There is a two-step approach in determining whether an instrument or embedded feature is indexed to an entity' s own stock. First, the instrument's contingent exercise provisions, if any, must be evaluated, followed by an evaluation of the instrument's settlement provisions. The Company utilized multinomial lattice models that value the derivative liability within the notes based on a probability weighted discounted cash flow model. The Company utilized the fair value standard set forth by the Financial Accounting Standards Board, defined as the amount at which the assets (or liability) could be bought (or incurred) or sold (or settled) in a current transaction between willing parties, that is, other than in a forced or liquidation sale.

Revenue Recognition

Revenue Recognition

Effective June 1, 2019, the Company adopted ASC 606 − Revenue from Contracts with Customers. Under ASC 606, the Company recognizes revenue from the licensing of our software by applying the following steps: (1) identify the contract with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to each performance obligation in the contract; and (5) recognize revenue when each performance obligation is satisfied.

There was no impact on the Company' s financial statements from the adoption of ASC 606 for the three months ended August 31, 2020 or the year ended May 31, 2020.

We derive revenue principally from licensing our intellectual property, including our game, and related extra content and services that can be utilized by players of our game. Our product and service offerings include, but are not limited to, licensing to third parties ("software license") to distribute and host our games and content ("Online-Hosted Service Games").

We evaluate and recognize revenue by:

- identifying the contract(s) with the customer;
- identifying the performance obligations in the contract;
- determining the transaction price;
- allocating the transaction price to performance obligations in the contract; and
- recognizing revenue as each performance obligation is satisfied through the transfer of a promised good or service to a customer (i.e., "transfer of control").

Online-Hosted Service Games. Sales of our Online-Hosted Service Games are determined to have one distinct performance obligation: the online hosting. We recognize revenue from these arrangements as the service is provided through our licensing agreement(s).

Licensing Revenue

We utilize third-party licensees to distribute and host our games and content in accordance with license agreements, for which the licensees typically pay us a fixed minimum guarantee and/or sales-based royalties. These arrangements typically include multiple performance obligations, such as a time-based license of software and future update rights. We recognize as revenue a portion of the minimum guarantee when we transfer control of the license of software (generally upon commercial launch) and the remaining portion ratably over the contractual term in which we provide the licensee with future update rights. Any sales-based royalties are generally recognized as the related sales occur by the licensee.

Significant Judgments around Revenue Arrangements

Identifying performance obligations. Performance obligations promised in a contract are identified based on the goods and services that will be transferred to the customer that are both capable of being distinct, (i.e., the customer can benefit from the goods or services either on its own or together with other resources that are readily available), and are distinct in the context of the contract (i.e., it is separately identifiable from other goods or services in the contract). To the extent a contract includes multiple promises, we must apply judgment to determine whether those promises are separate and distinct performance obligations. If these criteria are not met, the promises are accounted for as a combined performance obligation.

Determining the transaction price. The transaction price is determined based on the consideration that we will be entitled to receive in exchange for transferring our goods and services to the customer. Determining the transaction price often requires judgment, based on an assessment of contractual terms and business practices. It further includes review of variable consideration such as discounts, sales returns, price protection, and rebates, which is estimated at the time of the transaction. In addition, the transaction price does not include an estimate of the variable consideration related to sales-based royalties. Sales-based royalties are recognized as the sales occur.

Allocating the transaction price. Allocating the transaction price requires that we determine an estimate of the relative stand-alone selling price for each distinct performance obligation. Determining the relative stand-alone selling price is inherently subjective, especially in situations where we do not sell the performance obligation on a stand-alone basis (which occurs in the majority of our transactions). In those situations, we determine the relative stand-alone selling price based on various observable inputs using all information that is reasonably available. Examples of observable inputs and information include: historical internal pricing data, cost plus margin analyses, third-party external pricing of similar or same products and services such as software licenses and maintenance support within the enterprise software industry. The results of our analysis resulted in a specific percentage of the transaction price being allocated to each performance obligation.

Determining the Estimated Offering Period. The offering period is the period in which we offer to provide the future update rights and/or online hosting for the game. Because the offering period is not an explicitly defined period, we must make an estimate of the offering period for the service-related performance obligations (i.e., future update rights and online hosting). Determining the Estimated Offering Period is inherently subjective and is subject to regular revision. Generally, we consider the specified contract period of our software licenses and therefore, the offering period is estimated to be over the term of the license. We recognize revenue for future update rights and online hosting performance obligations ratably on a straight-line basis over this period as there is a consistent pattern of delivery for these performance obligations.

Stock-Based Compensation

Stock-Based Compensation

The Company accounts for equity instruments issued to employees in accordance with the provisions of ASC 718 Stock Compensation (ASC 718) and Equity-Based Payments to Non-employees pursuant to ASC 2018-07 (ASC 2018-07). All transactions in which goods or services are the consideration received for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable. The measurement date of the fair value of the equity instrument issued is the earlier of the date on which the counterparty's performance is complete or the date at which a commitment for performance by the counterparty to earn the equity instruments is reached because of sufficiently large disincentives for nonperformance.

Basic and Diluted Loss Per Share

Basic and Diluted Loss Per Share

Basic earnings per share (“EPS”) are computed by dividing net income (the numerator) by the weighted average number of common shares outstanding for the period (the denominator). Diluted EPS is computed by dividing net income by the weighted average number of common shares and potential common shares outstanding (if dilutive) during each period. Potential common shares include stock options, warrants and restricted stock. The number of potential common shares outstanding relating to stock options, warrants and restricted stock is computed using the treasury stock method. For the periods presented, potential dilutive securities had an anti-dilutive effect and were not included in the calculation of diluted net loss per common share.

Income Taxes

Income Taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. A valuation allowance is provided for significant deferred tax assets when it is more likely than not, that such asset will not be recovered through future operations.

Uncertain Tax Positions

Uncertain Tax Positions

In accordance with ASC 740, “Income Taxes” (“ASC 740”), the Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be capable of withstanding examination by the taxing authorities based on the technical merits of the position. These standards prescribe a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. These standards also provide guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition.

Various taxing authorities may periodically audit the Company’ s income tax returns. These audits include questions regarding the Company’ s tax filing positions, including the timing and amount of deductions and the allocation of income to various tax jurisdictions. In evaluating the exposures connected with various tax filing positions, including state and local taxes, the Company records allowances for probable exposures. A number of years may elapse before a particular matter, for which an allowance has been established, is audited and fully resolved. The Company has not yet undergone an examination by any taxing authorities.

The assessment of the Company' s tax position relies on the judgment of management to estimate the exposures associated with the Company' s various filing positions.

Recently Adopted Accounting Standards

Recently Adopted Accounting Standards

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. ASU 2016-02 requires lessees to recognize assets and liabilities for most leases. ASU 2016-02 is effective for public entity financial statements for annual periods beginning after December 15, 2018, and interim periods within those annual periods. Early adoption is permitted, including adoption in an interim period. ASU 2016-02 was further clarified and amended within ASU 2018-01, ASU 2018-10, ASU 2018-11 and ASU 2018-20 which included provisions that would provide us with the option to adopt the provisions of the new guidance using a modified retrospective transition approach, without adjusting the comparative periods presented. We adopted the new standard on May 31, 2019 and used the effective date as our date of initial application under the modified retrospective approach. We elected the short-term lease recognition exemption for all of our leases that qualify. This means, for those leases we will not recognize right-of-use (RoU) assets or lease liabilities. The implementation of this new standard did not have a material impact on our financial statements, other than the presentation of a right of use asset and an operating lease obligation liability on the balance sheet in an equal amount.

No other new accounting pronouncements, issued or effective during the period ended August 31, 2020, have had or are expected to have a significant impact on the Company' s financial statements.

FAIR VALUE OF FINANCIAL INSTRUMENTS (Tables)	3 Months Ended
	Aug. 31, 2020
Fair Value Disclosures [Abstract]	
Valuation of Financial Instruments	The following schedule summarizes the valuation of financial instruments at fair value on a recurring basis in the balance sheets as of August 31, 2020 and May 31, 2020, respectively:

	Fair Value Measurements at August 31, 2020		
	Level 1	Level 2	Level 3
Assets			
Cash	$ 3,969,649	$ –	$ –
Total assets	3,969,649	–	–
Liabilities			
Convertible notes payable, related party	–	–	10,500,000
Total liabilities	–	–	10,500,000
	$ 3,969,649	$ –	$ (10,500,000)

	Fair Value Measurements at May 31, 2020		
	Level 1	Level 2	Level 3
Assets			
Cash	$ 4,017,107	$ –	$ –
Total assets	4,017,107	–	–
Liabilities			
Convertible notes payable, related party	–	–	10,500,000
Total liabilities	–	–	10,500,000
	$ 4,017,107	$ –	$ (10,500,000)

CONVERTIBLE NOTES PAYABLE, RELATED PARTY (Tables)	3 Months Ended
	Aug. 31, 2020
Debt Disclosure [Abstract]	
Convertible Notes Payable, Related Party	Convertible notes payable, related party consists of the following at August 31, 2020 and May 31, 2020, respectively:

	August 31, 2020	May 31, 2020
On February 26, 2017, Sky Rover Holdings, Ltd ("Sky Rover), which is owned and controlled by Mr. Pei, agreed to loan up $20,000,000 to the Company, of which $8,000,000 was loaned on February 28, 2017. Sky Rover was issued an unsecured, 5%, convertible promissory note which, as amended, is due on February 28, 2022, and is, in whole or in part, at the option of the holder, convertible into common shares at any time before the due date, at a conversion price of $0.08 per share (subject to adjustment in the event of stock splits, forward splits, recapitalizations, a merger, etc.). At the option of the Company, the interest may also be paid by issuing restricted shares of common stock, at the same conversion price per share. On June 26, 2018, the Company repaid $4,000,000 of principal of this loan. In addition, Sky Rover converted $1,500,000 of principal of this loan into common shares at the conversion price of $0.08 per share into a total of 18,750,000 shares. Sky Rover waived accrued and unpaid interest of $363,904, which was credited to additional paid in capital. As of August 31, 2020, there is $439,467 of accrued interest due on this loan.	$ 2,500,000	$ 2,500,000
On November 20, 2017, Sky Rover loaned an additional $8,000,000 to the Company. Sky Rover was issued an unsecured, 5%, convertible promissory note which, as amended, is due on November 20, 2022, and is, in whole or in part, at the option of the holder, convertible into common shares at any time before the due date, at a conversion price of $0.08 per share (subject to adjustment in the event of stock splits, forward splits, recapitalizations, a merger, etc.). At the option of the Company, the interest may also be paid by issuing restricted shares of common stock, at the same conversion price per share. As of August 31, 2020, there is $1,112,329 of accrued interest on this loan.	8,000,000	8,000,000
Total convertible notes payable, related party	10,500,000	10,500,000
Less: current portion	–	–
Convertible notes payable, related party, less current portion	$ 10,500,000	$ 10,500,000

Interest expense

The Company recognized interest expense for the three months ended August 31, 2020 and 2019, respectively, as follows:

	August 31, 2020	August 31, 2019
Interest on due to related parties	$ –	$ 2,398
Interest on convertible notes, related party	132,329	132,329

Total interest expense	$ 132,329	$ 134,727

COMMITMENTS AND CONTINGENCIES - LEASE (Tables)	3 Months Ended
	Aug. 31, 2020
Commitments and Contingencies Disclosure [Abstract]	
Components of lease expense	The components of lease expense were as follows:

	For the Three Months Ended August 31, 2020
Operating lease cost:	
Amortization of assets	$ 36,381
Interest on lease liabilities	8,619
Total operating lease cost	$ 45,000

Supplemental balance sheet information	Supplemental balance sheet information related to leases was as follows:

	August 31, 2020
Operating lease:	
Operating lease assets	$ 406,633
Current portion of operating lease obligation	$ 152,999
Noncurrent operating lease obligation	253,634
Total operating lease obligation	$ 406,633
Weighted average remaining lease term:	
Operating leases	2.5 years
Weighted average discount rate:	
Operating lease	8.00%

Supplemental cash flow and other information related to operating leases	Supplemental cash flow and other information related to operating leases was as follows:

	For the Three Months Ended August 31, 2020
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows used for operating leases	$ 45,000

Future minimum annual lease payments	Future minimum annual lease payments required under the operating lease and the present value of the net minimum lease payments are as follows at August 31, 2020:

For the Fiscal Year Ended May 31:	Minimum Lease Commitments
2021*	$ 135,000
2022	180,000
2023	135,000
Total payments	$ 450,000
Amount representing interest	$ (43,367)
Lease obligation, net	406,633
Less current portion	(152,999)
Lease obligation – long term	$ 253,634

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* Liability pertains to the remaining nine-month period from September 1, 2020 through May 31, 2021.

ORGANIZATION, BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Details) - USD ($)	1 Months Ended	12 Months Ended		
	Apr. 30, 2015	May 31, 2020	Aug. 31, 2020	Apr. 26, 2015
Organization, Consolidation and Presentation of Financial Statements [Abstract]				
Number of common shares sold through stock purchase agreement				6,000,000
Percentage of issued and outstanding stock sold through stock purchase agreement				73.80%
Common stock, shares issued		107,483,450	107,483,450	8,130,000
Common stock, shares outstanding		107,483,450	107,483,450	8,130,000
Proceeds from issuance of common stock	$ 340,000			
Purchase of software, related party		$ 179,300		
excess of FDIC insured limits		$ 3,768,042	$ 3,506,853	

RELATED PARTIES (Details) - USD ($)	Aug. 31, 2020	May 31, 2020
Related Party Transactions [Abstract]		
Monthly rent	$ 15,000	$ 15,000
Accounts payable, related party	$ 15,006	$ 15,006

FAIR VALUE OF FINANCIAL INSTRUMENTS (Details) - USD ($)	Aug. 31, 2020	May 31, 2020
Level 1 [Member]		
Cash	$ 3,969,649	$ 4,017,107
Total assets	3,969,649	4,017,107
Convertible notes payable, related party		
Total liabilities		
Total	3,969,649	4,017,107
Level 2 [Member]		
Cash		
Total assets		
Convertible notes payable, related party		
Total liabilities		
Total		
Level 3 [Member]		
Cash		
Total assets		
Convertible notes payable, related party	10,500,000	10,500,000
Total liabilities	10,500,000	10,500,000
Total	$ (10,500,000)	$ (10,500,000)

INTANGIBLE ASSETS (Details)	12 Months Ended May 31, 2020 USD ($)
Goodwill and Intangible Assets Disclosure [Abstract]	
Purchase of software, related party	$ 179,300

CONVERTIBLE NOTES PAYABLE, RELATED PARTY (Details) - USD ($)	Jun. 26, 2018	Nov. 20, 2017	Feb. 28, 2017	3 Months Ended Aug. 31, 2020	3 Months Ended Aug. 31, 2019	May 31, 2020	Feb. 26, 2017
Related Party Transaction [Line Items]							
Convertible Notes Payable - Related Party				$ 10,500,000		$ 10,500,000	
Accrued interest				1,551,796		1,419,467	
Interest on due to related parties					$ 2,398		
Interest on convertible notes, related party				132,329	132,329		
Interest expense				132,329	$ 134,727		
Current maturities of convertible notes payable, related party							
Convertible notes payable, related party				10,500,000		10,500,000	
Sky Rover Holdings, Ltd. [Member]							
Related Party Transaction [Line Items]							
Convertible Notes Payable - Related Party				2,500,000		2,500,000	
Accrued interest				439,467			
Accrued and upaid interest waived	$ 363,904						
Shares issued in conversion	18,750,000						
Sky Rover Holdings, Ltd. [Member] | Convertible promissory note [Member]							
Related Party Transaction [Line Items]							
Stock issued for conversion of debt	$ 1,500,000						
Repayment of related party loan	$ 4,000,000						
CEO [Member] | Sky Rover Holdings, Ltd. [Member] | Maximum [Member]							
Related Party Transaction [Line Items]							
Loan commitment							$ 20,000,000
CEO [Member] | Sky Rover Holdings, Ltd. [Member]							

Related Party Transaction [Line Items]				
Proceeds from a related party		$ 8,000,000		
Interest rate		5.00%		
Maturity date		Feb. 28, 2022		
Conversion price		$ 0.08		
CEO [Member] | Sky Rover Holdings, Ltd. [Member]				
Related Party Transaction [Line Items]				
Proceeds from a related party	$ 8,000,000			
Convertible Notes Payable - Related Party			$ 8,000,000	$ 8,000,000
Interest rate	5.00%			
Maturity date	Nov. 20, 2022			
Conversion price	$ 0.08		$ 0.08	
Accrued interest			$ 1,112,329	
Shares of restricted stock issued if convertible debt is converted			131,250,000	
Current number of shares owned			101,353,450	
Number of shares owned if debt converted			232,603,450	
Number of shares outstanding if debt converted			238,733,450	
Percentage of shares owned if debt converted			97.40%	

COMMITMENTS AND CONTINGENCIES - LEASE (Details) - USD ($)	3 Months Ended		
	Aug. 31, 2020	Aug. 31, 2019	May 31, 2020
Commitments and Contingencies Disclosure [Abstract]			
Monthly base rent	$ 15,000		$ 15,000
Maximum possible rent increase per year, percentage	3.00%		
Rent expense	$ 45,000	$ 45,000	
Amortization of assets	36,381		
Interest on lease liabilities	8,619		
Total operating lease cost	45,000		
Operating lease assets	$ 406,633		443,014
Weighted average remaining lease term	2 years 6 months		
Discount rate	8.00%		
Operating cash flows used for operating leases	$ 45,000		
2021	[1] 135,000		
2022	180,000		
2023	135,000		
Total	450,000		
Amount representing interest	(43,367)		
Lease obligation, net	406,633		
Less current portion	(152,999)		(149,979)
Lease obligation - long term	253,634		$ 293,035
Cash paid under operating lease	$ 45,000		

[1] Liability pertains to the remaining nine-month period from September 1, 2020 through May 31, 2021.

CHANGES IN STOCKHOLDERS' EQUITY (Details) - $ / shares	Aug. 31, 2020	May 31, 2020	Apr. 26, 2015
Equity [Abstract]			
Preferred stock, par value	$ 0.001	$ 0.001	
Preferred stock, shares authorized	50,000,000	50,000,000	
Preferred stock, share issued	0	0	
Common stock, par value	$ 0.001	$ 0.001	
Common stock, shares authorized	500,000,000	500,000,000	
Common stock, shares issued	107,483,450	107,483,450	8,130,000
Common stock, shares outstanding	107,483,450	107,483,450	8,130,000

INCOME TAX (Details)	3 Months Ended Aug. 31, 2020 USD ($)
Income Tax Disclosure [Abstract]	
federal net operating losses	$ 5,858,000
Expiration	Dec. 31, 2034

SUBSEQUENT EVENTS (Details)	Sep. 01, 2020 USD ($)
Subsequent Event [Member]	
New monthly base rent	$ 15,000